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ABSTRACT

This study evaluates the effectiveness of public library federal funding as a basis for recommendations for improvements in the federal system. Effectiveness is measured by: (1) state-by-state analysis of public library finance characteristics and changes; (2) examination of the federal role and funding, particularly the Library Services and Construction Act (LSCA) in comparison with proposed Library Partnership Act of 1974; (3) inventory of state public library aid programs; (4) analysis of the impact of revenue sharing on local and state public library support; and (5) data from a questionnaire sent to chief library officers in each state. The study concludes that federal funding under the LSCA and revenue sharing have been moderately effective in assuring public library services to all citizens. The basic recommendation is to revise the LSCA to assist states and localities in developing and distributing public library services as part of a national plan, and to expand network development. A bibliography and an index of the fiscal capacities of the states are appended. (KP)

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EVALUATION OF THE EFFECTIVENESS OF FEDERAL FUNDING OF PUBLIC LIBRARIES

A Study

Prepared for the

National Commission on Libraries and information Science

December 1976

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Prefatory Note

This study presents the results of an evaluation of the effectiveness of the Federal funding of public libraries and proposes the general design of revised system reflecting a re-defined and more sharply focussed Federal policy. The Library Service and Construction Act (LSCA) and its antecedent the Library Services Act have been the principal instruments of Federal policy for over two decades. Unless re-enacted, LSCA will terminate September 30 1977. The design of the funding program proposed in this report is intended for review and consideration by the National Commission on Libraries and Information Science, representatives of the library community and other observers. The review process should lead to preparation of draft legislation for early consideration by the Congress.

The report includes a great amount of new data and information on the performance of the present Federal public library funding system and its impact on state and local funding activities. These data have been included both to document the evaluation and to provide resource information for library service planners and administrators. The new data include the results of a state survey to obtain up-dated fiscal data and characteristics of state public library aid systems, and detailed information on general revenue sharing as it has affected public library financing at state and local levels.

Many people and public library agencies have contributed to the study effort. Special thanks are due to the Chief Officers of State Library Agencies (COSLA) who cooperated fully with the study and supplied much information in response to the state survey questionnaire. A special note of appreciation is also due the members of a Study Advisory Committee who met three times during the study to provide guidance and to review draft materials. Names of Study Advisory Committee Members appear on the following page. While the contributions and guidance of these individuals are gratefully acknowledged, responsibility for study findings and recommendations, remain with Government Studies & Systems (GSS).

In addition to the regular members of GSS staff who assisted in this project, also listed on the page following, Jacob M. Jaffe, GSS' regular consultant on fiscal affairs assisted throughout the project and prepared the analysis of general revenue sharing impact. Dr. R. Kathleen Molz served as special library consultant and prepared the analysis of the Federal Partnership Act. Rodney P. Lane directed the project.

Government Studies & Systems
November, 1976

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I

The Nature of the Study

Background and Purpose

The objective of this study is to evaluate the effectiveness of Federal funding of public libraries as a basis for definitive recommendations designed to improve the Federal fiscal support system.

There are a number of reasons why the study focusses on the Federal fiscal support system and why it is timely. Federal fiscal support under the Library Services and Construction Act (LSCA) was scheduled to terminate in 1976, but, under Congressional procedures, it has been extended for one year.(1) General revenue sharing (GRS), viewed by some as a substitute for LSCA, was also scheduled to lapse in 1976. However, Congressional action, signed by President Ford on October 13, 1976, extended GRS, with some modifications, until 1980. It is important to evaluate, however, whether the past, present, and prospective future allocations of these funds have provided or are likely to provide adequate or stable public library support.

Revision and/or re-enactment of the LSCA and GRS fiscal programs are important, perhaps vital, factors in the future of public library financing. At play is a changing scene of concepts and application of broad new fiscal strategies affecting the pattern of intergovernmental fiscal relations in a variety of functional areas, including public libraries.

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(1) Under existing Congressional procedures, the program is automatically continued for an additional year at the same funding level if no legislative action is taken. The September 30, 1976 override of President Ford's veto of the Dept. of Labor - HEW appropriations bill provides $60.2 million for LSCA in FY 1977.

All too frequently, new, far-reaching fiscal strategies are implemented without adequate information on either the current fiscal conditions and status within any functional area, or any real assessment of the future impact of a particular fiscal policy change. Agencies charged with functional and service delivery responsibilities should assess the financial systems that support their service area as a basis for recommending any needed change. It is particularly important for public library agencies to evaluate their fiscal support system in the light of changing intergovernmental fiscal conditions and issues. Public library services are taken too much for granted: almost no one is opposed to the public library, but the active constituency informed on fiscal support problems and possibilities is quite limited in size.

Quite apart from fiscal considerations, there are other factors that make the subject timely. Formulation in 1975 by the National Commission on Libraries and Information Science (NCLIS) of a recommended national program for libraries and information services provides positive and long-range objectives for the redefinition of the Federal role and fiscal support position. The Commission rightly points out that there is at present no national program for the development of library and information services, and that there is indeed a need to insure future development of library resources in "a cohesive manner according to a national plan".(1)

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(1) Toward a National Program for Library and Information Services: Goals for Action, NCLIS, 1975, p. 39.

The Commission cites eight broad objectives which must be achieved if the recommended national program is to be more than words on paper. Appropriately, the first of these objectives is to "ensure that basic minimums of library and information services adequate to meet the needs of all local communities are satisfied". This objective goes to the heart of the issue of providing an adequate public library financing system. NCLIS cannot create a national program if there are not adequate library and information services at the local level. A state or national network of library services has only limited utility if it is not a linkage to augment and supplement the services of strong local library units. It is in this context that the need to evaluate the effectiveness of Federal funding of public libraries and to provide definitive recommendations for an improved fiscal support should be seen.

NCLIS has also been charged with the responsibility of designing and conducting a White House Conference on Library and Information Sciences as the capstone of conferences held in each of the states. Public library fiscal support problems are likely to be high on conference agendas. Results of the evaluation of Federal funding of libraries and new directions for the future should be available for conference consideration.

Basic Assumptions and Constraints

This study is not based on a de novo approach to the subject of a Federal role and fiscal support system for public libraries. There has been a significant amount of prior research and writing on the general question of the Federal role in public library financing. The research on which this report is based was designed as an extension, supplementation and addition to earlier studies relevant to the objective cited above.

A paper, "Basic Issues in the Governmental Financing of Public Library Services",[1] prepared by Government Studies & Systems (GSS), explored the question from a broad perspective, but it was limited to the delineation and illumination of key underlying factors. It did not include the development of specific recommendations for their resolution. A more recent study also prepared by GSS, was focussed on alternatives for financing the public library, and produced the following summary of five alternative funding options.[2]

1. Status quo
   (a) zero funding of LSCA; complete reliance on revenue sharing
   (b) continuation of LSCA at current or reduced levels

2. Retrenchment of the Federal governmental financing role
   (a) no Federal funds for public libraries and no Federal policy with respect to public library development

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(1) Basic Issues in the Governmental Financing of Public Libraries, Government Studies & Systems, Philadelphia, Pa., 1973

(2) Alternatives for Financing the Public Library, prepared for NCLIS by Government Studies & Systems, May 1974, p iii.

(b) variable pattern of state and local support depending upon interest and fiscal capacity
(c) heavier reliance upon fees, fines and organized voluntary support

3. Federalized system of libraries: 75-90% level
   (a) direct Federal funding according to Federal standards
   (b) strategic and directed distribution of public library services to achieve uniform coverage
   (c) coordinated funding and functional planning of public libraries with other library funding programs under ESEA Title IV-B and the Higher Education Act
   (d) full development and employment of technology to maximize services at lowest cost
   (e) authority structure related to Library of Congress

4. Dominant state funding role: 75-90% level
   (a) minimal Federal role and funding
   (b) limited Federal funding geared to inter-state fiscal disparities
   (c) relief of local tax burden for libraries
   (d) fuller utilization of untapped state tax resources

5. Balanced intergovernmental funding system-Federal, state and local
   (a) increased Federal support to meet upgraded library service and development needs
   (b) revised LSCA to reflect strengthened Federal role and mandate, coordinated Federal state planning for a national program of public library services
   (c) increased state support to reflect prime responsibility for public library maintenance and development
   (d) decreased local support role
   (e) staged approach over ten-year period to achieve improved balance in intergovernmental funding pattern ending with Federal-20 percent, state-50 percent, and local 30 percent of a progressively elevated national expenditure for improved and expanded public library services

Advantages and disadvantages of each of the above options were examined. The conclusion was that, in the light of library service and developmental requirements, a balanced and strengthened intergovernmental system was the preferred option.

The works of many other persons and agencies have also provided much information on aspects of the public library funding issue. Recent analyses by Robert W. Frase, Genevieve Casey, James Fry, Joseph F. Schubert, Allie Beth Martin, and others, provide useful material and data. The Systems Development Corporation report evaluating LSCA is an additional source. At the close of 1974, the General Accounting Office (GAO) published a report "Federal Library Support Programs: Progress and Problems". The GAO analysis of LSCA was limited to only two states: Ohio and Michigan. Recommendations were addressed to the Secretary of HEW as follows:(1)

> Require the State Library agencies to make statewide assessments of the needs for public library services and rank local libraries accordingly as a prerequisite to distributing LSCA Title I funds.
>
> Insure that the state library agencies are giving appropriate priority consideration to urban and rural disadvantaged persons when distributing LSCA Title I funds.

While this study is designed to extend and supplement these and other research efforts, it is not necessarily limited or constrained by earlier findings and recommendations.

The analysis begins with the assumption that there is a Federal interest and role in the funding of the public library and that some type of intergovernmental support system is required. It accepts this conclusion on the basis of earlier analyses of the role and function of the public library in

(1) "Federal Library Support Programs: Progress and Problems" General Accounting Office, Dec. 30, 1974, p. 27

today's society, the status and pattern of the present funding system, and application of the public goods theory to funding system alternatives. The particular focus of the analysis is the Federal role and support system. However, this study recognizes and includes within its analytic framework a review of state public library financing mechanisms and impact analysis at the local jurisdictional level.

Approach and Methodology

The objective of assessing effectiveness and preparing improvements in the Federal funding system focusses initial attention on the measure of effectiveness to be utilized. It is obviously unrealistic, given time and budget constraints, to measure effectiveness at the impact or readership level, yet this ultimate measure of effectiveness should not be ignored. The basic question to be answered is closely related to the stated objective in the LSCA:

> It is the purpose of this Act to assist the States in the extension and improvement of public library services in areas of the States which are without such services or in which such services are inadequate, and with public library construction, and in the improvement of such other State library services as library services for physically handicapped, institutionalized, and disadvantaged persons, in strengthening State library administrative agencies, and in promoting interlibrary cooperation among all types of libraries. (1)

In this context, the basic measure of effectiveness is the extent to which Federal funds are used to improve and equalize the access of all citizens to library and information services

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(1) Library Services and Construction Act (20 USC 351), as amended, Sec. 2 (a)

commensurate with their particular and special needs. Effectiveness, and strengths and weaknesses of the present system will be assessed by means of:

1. a state-by-state and regional overview analysis of public library finance characteristics and changes featuring trends, comparisons of expenditures by level of government source of financing, comparisons of state public library aid with other state-aid amounts, and state expenditure patterns per capita and in relation to income;

2. examination of the Federal role and funding mechanisms featuring an evaluation of LSCA and a comparison of LSCA with the conception underlying the legislation proposed (but never considered by the Congress) as the Library Partnership Act;

3. an inventory and assessment of state library aid programs to determine the extent to which they, in relation to LSCA, are effective in support and development of local public library services; and

4. a special detailed analysis of the impact of general revenue sharing funds (GRS) on public library support at the state and local level.

The last of the analyses mentioned marks the first "hard data" analysis to assess and quantify the impact of GRS funds, and this evaluation is of special importance to the measurement of Federal funding system effectiveness. The State and Local Fiscal Assistance Act of 1972 was cited by the Nixon Administration as a substitute for LSCA. Public Libraries were included as one of the "priority expenditures" authorized in the Act for the guidance of local government recipients of GRS funds. Public library expenditure patterns before and after GRS are examined in order to quantify impact.

The methodology involved development and use of two new sources of basic data. In the GRS impact analysis, the Office of Revenue Sharing's computer tape of reported

actual use of GRS funds by each state and local government was used to determine the amount of such funds expended for libraries. In conjunction with this and the other analysis components, a special detailed survey questionnaire was sent to the chief library officer in each state. All but a few states provided the information requested.

II

Overview of Public Library Finance Characteristics and Issues

Disparities in the Distribution of Public Library Services

Preliminary tabulations from the recently completed survey (1974) of public libraries by the National Center for Education Statistics (NCES) provide updated information on the numbers, distribution, service activities and expenditures of public libraries in the United States.

Survey data show that in 1974, there were more than 8,300 public libraries staffed by some 86,000 full-time professionals and non-professionals throughout the Nation. Total expenditures reported for 1974 was $1,114 million of which 53 percent represented salaries and wages.

The distribution of libraries and total library expenditures among urban, suburban and rural communities is shown in Table 1, below.

Table 1

Distribution of Public Libraries and Library Expenditures Inside and Outside of Standard Metropolitan Statistical Areas (SMSA's)

Area	Number* Libraries	%	Total Expenditures ($Millions)	%
within SMSA-Central (Urban)	611	7.3	612.7	55.0
within SMSA-Other (Suburban)	2,279	27.4	308.9	27.8
other than SMSA (Rural)	5,417	65.3	192.0	17.2
TOTAL:	8,307	100.0	1,113.6	100.0

* Number of libraries reported excludes branch units: this affects particularly the total reported for central SMSA's.

SOURCE: NCES 1974 Survey of Public Libraries, Preliminary Release dated January 28, 1976.

Preliminary analyses of survey data made available by NCES show a wide variation in per capita expenditures among the nation's 8,307 public libraries. As shown in Table 2, over 40 percent of all public libraries were supported by a per capita expenditure of less than $3.00. More than two-thirds of all public libraries were supported by a per capita expenditure of less than $5.00. The median per capita expenditure was $3.28.

Table 2

Number and Percent of Public Libraries by Total Expenditures Per Person in Population of Area Served, 1974

	Number of Libraries	Per cent
Less than $1.00	691	8.3
$1.00 - 2.99	2,694	32.5
3.00 - 4.99	2,273	27.4
5.00 - 6.99	1,004	12.1
7.00 - 8.99	617	7.4
9.00 -11.99	435	5.2
12.00 -14.99	218	2.6
More than $15.00	375	4.5
	8,307	100.0

Source: Preliminary analysis of 1974 survey data made available by NCES.

The NCES survey data provides the basis for comparing per capita expenditures of public libraries within and external to standard metropolitan statistical areas (SMSA's) as follows:

Area	(Millions) Expenditures	1970 Population	Expenditure Per Capita
Inside SMSA's	$ 921.6	139,419,000	$6.61
Outside SMSA's	192.0	63,793,000	3.01
Totals	$1,113.6	203,212,000	5.48

These wide disparities in per capita expenditures suggest the existence of serious inequities in the distribution of public library services, notwithstanding the 20 year history of LSCA and the increasing number of state public library aid programs.

Among local jurisdictions, disparities in the distribution of essential governmental services may be related to either differential need for services or varying tax base capacity to provide services, or both. Urban jurisdictions, for example, are increasingly caught in the trap of growing service requirements and a shrinking tax base. These situations are proper concerns of the tax and subsidy policies of both Federal and state governments.

The Elementary and Secondary Education Act of 1965, for example, recognized the fact that poverty was closely associated with low educational achievement. That Act established a Federal role and subsidy system designed to target additional funds into school districts to meet the special educational needs related to poverty. The Serrano-Priest case in the California Supreme Court and the Rodriguez case in the U.S. Supreme Court added a constitutional dimension to the issue of disparities in educational services offered by local jurisdictions. Basically these cases, and many similar ones in various states, have demonstrated that disparities in educational services caused by, or related to, differences in local taxable wealth must be eliminated. States have the responsibility and obligation to correct these inequities. Resolution of this issue in education finance will increasingly affect intergovernmental fiscal relations in other service areas, such as public libraries, for which the state bears primary legal responsibility. States may indeed delegate responsibility to local governments to provide essential services, but they may not allow wide disparities to exist as a result of wide differences in service needs or taxing capacity of local jurisdictions to finance such services.

The implications drawn from these broad overview data on Federal role and fiscal support issues related to the public library include the following:

1. There is a wide disparity in public library service expenditures among urban and non-urban communities.

2. Problems in effecting an equitable distribution and financing of public library services are quite comparable to those in distributing and financing educational services. Governmental mandates and fiscal systems required to achieve an equitable distribution of public library service need to be strengthened.

3. Urban jurisdictions can be characterized as having a differentially high need and, increasingly, a shrinking tax base capacity to support a full range of services. Suburban governments have increasing demand for services and, in most instances, they have more adequate fiscal capacity to meet such demands. Rural communities have the traditional problem of service organization and delivery to meet dispersed demands. This characteristic justifies at least comparable per capita costs, yet the data show much lower such expenditures.

Comparative Analysis of Public Library Expenditures

On a national basis, it has been shown that serious disparities exist in the distribution of public library services. There are also clear indications that library services, in terms of amount and trends in expenditures, are in an inferior and deteriorating position, compared with other related and contrasting state and local government services. Table 3 shows total governmental expenditures for 1967, 1972 and 1974 for five selected state and local governmental functions: public libraries, local schools, health and hospitals, police, and local parks and recreation. Average annual rate of change in expenditures between 1967-1972 and between 1972-1974 are also shown.

Generally, the data show that public library expenditures are the lowest of the five services and represent only about .5 percent of total expenditures for the group in each of the three years. The $518 million spent for library services in 1967 represents .55 percent of the $93,350 million total for the group. In a period of rising costs and inflation, this percentage declined to .48 percent in 1972 and held steady at .48 percent in 1974. Thus, public libraries get a very small "bite" of the total expenditures for this group of services, and the size of the "bite" decreased in 1974 compared to 1967. This is true even though total expenditures for the group increased from $93.4 million to $199.0 million, a whopping

Table 3

Comparison of Expenditures for Selected State and Local Government Functions, 1974, 1972 and 1967
(in millions)

	1974**	1972	1967	Average Annual Rate of Change 1972-74	Average Annual Rate of Change 1967-72
Total General Expenditure	$198,959	$168,549	$93,350	8.65%	12.54%
Public libraries *	968	816	518	8.92	9.51
Local schools	53,059	46,671	27,590	6.62	11.09
Health and hospitals	15,495	13,023	6,640	9.08	14.42
Police	7,289	6,005	3,049	10.17	14.52
Local parks and recreation	2,951	2,318	1,291	12.83	12.42
Total Excluding Local Schools	145,900	121,878	65,760	9.41	13.13

*It should be noted that the total expenditure for public libraries using Census of Government data differs from totals developed from the state survey performed as a part of this study (see table 4). The variation can be explained by differences in reporting nomenclature and any sampling procedures related to Census figures. The data series are internally consistent and can be used separately for analysis and interpretation.

**1975 Data available to date to be included in this table indicates continuation of the pattern under inflationary impact. Public library expenditures for 1975 was $1.12 billion - up 15.6 percent over 1974, but still lower than increases for other services.

Source: Bureau of the Census, Governmental Finances in 1973-74; Census of Governments, 1967, Vol 4, No. 5: Compendium of Government Finances; and Census of Governments, 1972, Vol 4, No. 5: Compendium of Government Finances.

113 percent, during this period. Public library expenditures increased by 87 percent during the period. The average annual rate of change in expenditures was lower (+9.51 percent) for public libraries than for any of the other service areas shown in Table 3, and significantly lower than the total expenditure average (+12.54 percent) between 1967 and 1972. In the two year period 1972-1974, there was a general slow down in the growth of governmental expenditures so that the average annual rate of change in total general expenditures declined from +12 54 percent to +8.65 percent between 1972-1974. Of the services, shown, the sharpest decline in expenditure growth was in local schools during this two year period. Next to local schools, the average annual increase in public library expenditures was lower than any other of the service areas included in this analysis.

Essentially, this analysis of expenditures by functional or service areas offers some confirmation that public libraries are not doing well in competition for the local tax dollar. It is still true, of course, that collectively local governments provide the major part of public library fiscal support. However, the fiscal crunch is on and it impacts most severely on local governments. The primary source of local revenues is still the real estate tax and it is the inelasticity (and shrinkage in many cases) of this tax against a rising tide of increasing service costs and inflationary pressures which accentuates the fiscal problem. The service areas included in this analysis are all heavily reliant on local government revenues. Local schools, health and hospitals, and police services are priority items in the

local government budget-making process. The data show that these service areas are also feeling the crunch of rising costs and limited local tax resources. Public libraries, along with local parks and recreation, received only a miniscule portion of local revenues. Of these two areas, local parks and recreation fared better. The data show that of the five service areas, only parks and recreation had an increase in the average annual growth rate in expenditures between 1972 and 1974, compared to the period 1967-72. It also should be noted that expenditures for 1974 reflect, for the first time, the impact of GRS funds. The extent to which GRS funds are used as a substitute for local tax revenues will later be discussed. At this point it can be observed, however, that the priority status of public libraries under the GRS program was not sufficient to elevate its expenditure position over the other service areas included in this analysis.

State-by-State Analysis of Public Library Expenditures

While a slightly different number of states reported total public library expenditures in each year shown on Table 4, it is apparent that total reported expenditures increased in each of the three years 1972, 1974, and 1975. This finding is partially confirmed by the increase in expenditures based on Census data, as shown in Table 3. It should be noted that while Table 4 expenditures are identified as state and local, they

Table 4

State and Local Expenditures for Public Libraries, 1972, 1974 and 1975, by States and Regions

(Dollar amounts in Thousands)

State	Total Expenditures 1975	1974	1972
United States	1,105,744	1,006,365	856,636
New England:	59,196	76,519	64,060
Maine	5,501	4,872	3,532
New Hampshire	N.A.	N.A.	N.A.
Vermont	N.A.	N.A.	N.A.
Massachusetts[1]	47,729	41,141	36,171
Rhode Island	5,966	5,396	5,110
Connecticut	N.A.	25,110	19,247
Mideast:	305,643	273,729	242,486
New York	176,250	159,876	140,077
New Jersey	53,453	47,630	39,736
Pennsylvania	42,972	39,416	36,945
Delaware	N.A.	N.A.	N.A.
Maryland[2]	32,968	26,807	25,728
Great Lakes:	253,268	231,069	190,800
Michigan[3,4]	53,188	48,550	37,764
Ohio	67,252	64,333	55,688
Indiana[5]	29,208	27,258	25,999
Illinois	72,514	63,881	49,510
Wisconsin	31,106	27,047	21,839
Plains:	64,537	65,107	50,591
Minnesota[6]	22,013	18,871	18,006
Iowa	13,062	11,048	N.A.
Missouri	17,814	16,663	15,690
North Dakota	2,324	1,980	1,783
South Dakota	2,603	3,043	2,738
Nebraska	6,721	5,315	4,493
Kansas	N.A.	8,187	7,881
Southeast:	136,848	125,796	97,670
Virginia	26,469	24,732	16,560
West Virginia	N.A.	4,813	3,617
Kentucky	15,351	9,787	8,387
Tennessee	12,680	13,057	8,931
North Carolina[7,8]	18,820	16,049	12,192
South Carolina	6,497	5,866	6,439
Georgia	19,348	17,970	13,545
Florida	N.A.	N.A.	N.A.
Alabama	9,331	7,963	6,185
Mississippi	8,152	7,506	5,139
Louisiana	14,680	13,896	12,931
Arkansas	5,520	4,157	3,744
Southwest:	40,282	31,885	26,207
Oklahoma	N.A.	N.A.	N.A.
Texas	35,844	28,282	23,364
New Mexico[9]	4,438	3,603	2,843
Arizona	N.A.	N.A.	N.A.
Rocky Mountain:	33,607	26,992	21,609
Montana	3,161	2,812	2,616
Idaho	3,747	2,944	2,332
Wyoming	3,264	2,639	2,563
Colorado	15,865	11,451	9,654
Utah	7,570	7,146	4,444
Far West:	206,781	169,051	158,172
Washington	28,338	26,652	22,677
Oregon	10,441	8,703	7,675
Nevada	2,640	2,561	2,038
California	165,362	131,135	125,782
Alaska	N.A.	N.A.	N.A.
Hawaii	5,582	6,218	5,041

Footnotes: See page 18a.

Footnotes: Table 4

General note:

Public library expenditure data used in Table 4, 5 and 6 were obtained through a special questionnaire survey of Chief State Library Officers in each state. At the time of report preparation, five states (New Hampshire, Delaware, Florida, Oklahoma, and Arizona) had not responded to the questionnaire. Alaska and Vermont could not provide complete expenditure data for any of the three years. In four other states (Connecticut, Iowa, Kansas and West Virginia) data were not available for certain years. Expenditure data were reported by source of funds used and certain definitions should be noted:

a. Federal source expenditures includes LSCA funds, any other Federal library programs and General Revenue Sharing (GRS) funds distributed to states and used specifically for public library purposes.

b. State expenditures include only those paid from state revenue sources.

c. Local expenditures were compiled by the Chief State Library Officers. These totals may include expenditures from local GRS funds.

Footnotes:

1. Massachusetts 1972, 1974 and 1975 local government expenditures for libraries reported as representing approximately 90 percent of the state's municipalities and excludes capital outlays.

2. Maryland expenditures exclude capital outlays.

3. Michigan 1975 data includes 1974 carry forward federal funds.

4. Michigan 1974 data includes impoundment funds from 1973.

5. Indiana 1972 expenditure data reported from local own source revenues is for Calendar Year 1972.

6. Minnesota local expenditure data do not include capital outlays.

7. North Carolina 1975 expenditures from federal sources includes FY 1973 (supp.) and FY 1974 federal funds.

8. North Carolina 1974 expenditures from federal sources includes some FY 1973 funds.

9. New Mexico 1975 data was adjusted after letter inquiry to the state.

include Federal funds provided through LSCA, GRS and other library support programs. Total expenditures for 1975, with 40 states reporting, was $1.1 billion - 10 percent higher than the $1.0 billion reported as the total expenditure for the 43 states reporting data for 1974. (See Table 4). In 1972, with 42 states reporting, total expenditures were significantly lower at $856 million.

On a regional basis, based on totals for 38 states reporting expenditures for all three years, as shown in Table 4A, all regions showed increases in expenditures in the two year period, 1972-1974. Five regions showed increases of between 21 and 29 percent, and the total for all 38 states increased by 16 percent. All regions, excluding Hawaii, continued to show substantial increases between 1974-1975. In this one year period, the increases in six regions were at least as great percentage-wise as in the preceding two year period. Expenditures in Hawaii decreased in 1975 by 10 percent. The 1975 total for the 38 states increased 14 percent compared to 16 percent over the preceding two years.

On a state-by-state basis, between 1972 and 1974 public library expenditures increased in 41 states. One state (South Carolina) reported a decrease. In 17 states expenditures increased 1-15 percent, and in 23 states the increase was between 16 and 50 percent. One state (Utah) reported an increase of 61 percent. Expenditures tended to continue to increase between 1974 and 1975. Of 40 states reporting expenditures for 1975, three states reported a decrease, 19 reported increases between 1-15 percent, 17 reported increases between 16 and 50 percent, and one state (Kentucky) reported an increase of 57 percent.

Table 4A

State and Local Public Library Expenditures

1972, 1974, and 1975, by Region [1]

Region	Total Expenditures (in thousands) 1975	% Change	1974	% Change	1972
New England	59,196	+15%	51,409	+15%	44,813
Mid East	305,643	+12	273,729	+13	242,486
Great Lakes	253,268	+10	231,069	+21	190,800
Plains	51,475	+12	45,872	+7	42,710
Southeast	136,848	+13	120,983	+29	94,053
Southwest	40,282	+26	31,885	+22	26,207
Rocky Mountains	33,607	+25	26,992	+25	21,609
Far West	206,781	+22	169,051	+7	158,172
Alaska-Hawaii [2]	5,582	-10	6,218	+23	5,041
Total (38 states)	1,092,682	+14	957,208	+16	825,891

Footnotes:

(1) Regional and U.S. totals include only those states for which expenditure data were available for all 3 years shown. Thus, totals for New England, Plains, and Southeast Regions, and the U.S. totals differ from those in Table 4. A total of 38 states are included.

(2) The Alaska-Hawaii Region includes data only for Hawaii.

Source: Table 4.

The percentage increase in expenditures in the two year period 1972-1974 was exceeded by the increase between 1974 and 1975 in 18 states.

The general conclusion is that during this three year period of rising costs, inflation and a leveling off of LSCA funds, public library expenditures increased in most states. General revenue sharing funds became available for the first time during this period and, as later analyses will indicate, provided some assistance to state and local governments in meeting rising costs and program expansion needs.

An earlier report, based on Census data for 1971-72, indicated that the distribution of public library costs was 7 percent Federal, 12 percent state and 81 percent local.(1) In view of the more recent pattern of expenditure increases and the reduction of Federal support under LSCA, it is important to examine the distribution of increased costs as between state and local governments.

Distribution of Library Expenditures by Source

Nationally, as shown by Table 5, there has been a shift in the source of public library financing toward the state. A summary of the percentage distributions for 1972, 1974 and 1975 is as follows:

Source	1975	1974	1972
Federal	5.0%	4.3 %	5.8 %
State	12.9	12.4	10.8
Local	82.1	83.3	83.4

(1) Alternatives for Funding the Public Library, Government Studies & Systems, page 35, Table 3.

Table 5

Percent Distribution of Expenditures for Public Libraries by Governmental Source of Financing, by States and Regions, 1972, 1974 and 1975

State	Percent Distribution 1975			Percent Distribution 1974			Percent Distribution 1972		
	Federal	State	Local	Federal	State	Local	Federal	State	Local
United States	5.0	12.9	82.1	4.3	12.4	83.3	5.8	10.8	83.4
New England:	3.5	12.7	83.8	3.9	12.6	83.5	4.8	13.4	81.8
Maine	11.1	20.1	68.8	11.3	19.6	69.1	10.9	8.7	80.4
New Hampshire	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Vermont	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Massachusetts[1]	1.9	11.1	87.0	2.2	12.8	85.0	3.7	14.2	82.1
Rhode Island	10.1	18.6	71.3	14.1	16.3	69.6	10.0	21.5	68.5
Connecticut	N.A.	N.A.	N.A.	3.1	10.2	86.7	4.2	10.6	85.2
Mideast:	3.2	18.7	78.1	2.5	17.7	79.8	4.1	16.8	79.1
New York	2.1	17.1	80.8	2.0	14.9	83.1	3.0	14.8	82.2
New Jersey	2.9	21.7	75.4	2.8	21.6	75.6	4.5	20.3	75.2
Pennsylvania	6.6	23.2	70.2	5.1	24.3	70.6	7.9	21.7	70.4
Delaware	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Maryland[2]	5.0	16.6	78.4	1.3	17.9	80.8	3.8	15.7	80.5
Great Lakes:	4.2	10.4	85.4	2.6	10.1	87.3	4.7	7.5	87.8
Michigan[3,4]	4.8	10.8	84.4	2.8	10.6	86.6	4.8	7.6	87.6
Ohio	4.1	3.7	92.2	2.4	3.8	93.8	4.3	2.1	93.6
Indiana[5]	2.6	2.9	94.5	2.8	2.9	94.3	3.8	2.5	93.7
Illinois	4.9	18.5	76.6	2.4	18.9	78.7	6.1	17.9	76.0
Wisconsin	3.7	12.0	84.3	2.6	10.8	86.6	3.7	2.9	93.4
Plains:	7.9	8.8	83.3	8.9	5.1	86.0	8.9	4.5	86.6
Minnesota[6]	3.7	10.0	86.3	3.9	3.3	92.8	4.4	2.8	92.8
Iowa	8.6	3.8	87.6	11.8	3.3	84.9	N.A.	N.A.	N.A.
Missouri	9.4	7.0	83.6	7.2	7.0	85.8	7.5	7.1	85.4
North Dakota	27.1	8.3	64.6	23.4	9.1	67.5	34.5	5.4	60.1
South Dakota	14.5	12.4	73.1	13.3	8.1	78.6	16.9	4.7	78.4
Nebraska	7.1	18.1	74.8	9.9	8.3	81.8	11.7	4.5	83.8
Kansas	N.A.	N.A.	N.A.	14.3	4.0	81.7	11.9	2.1	86.0
Southeast:	9.0	20.3	70.7	8.7	17.4	73.9	10.3	14.1	75.6
Virginia	3.9	11.3	84.8	4.4	10.4	85.2	6.2	10.2	83.6
West Virginia	N.A.	N.A.	N.A.	N.A.	N.A.	55.3	N.A.	N.A.	63.0
Kentucky	10.1	36.3	53.6	7.9	27.7	64.4	15.9	22.1	62.0
Tennessee	9.2	15.3	77.5	6.4	14.5	79.1	9.6	14.0	76.4
North Carolina[7,8]	10.6	25.2	64.2	7.7	28.1	64.2	10.1	20.1	69.8
South Carolina	9.7	24.1	66.2	14.1	22.9	63.0	12.9	11.2	75.9
Georgia	7.3	36.9	55.8	11.1	27.6	61.3	9.4	26.0	64.6
Florida	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Alabama	16.7	8.9	74.4	15.9	3.9	80.2	13.7	4.1	82.2
Mississippi	13.3	19.2	67.5	15.4	18.8	65.8	12.5	9.2	78.3
Louisiana	7.4	4.2	88.4	5.5	4.1	90.4	6.8	2.8	90.4
Arkansas	18.2	15.5	66.3	15.0	19.4	65.6	20.3	17.8	61.9
Southwest:	12.2	5.3	82.5	4.9	6.5	88.6	11.1	4.2	84.7
Oklahoma	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Texas	12.5	3.9	83.6	3.4	5.0	91.6	10.5	3.4	86.1
New Mexico[9]	10.4	16.0	73.6	16.4	18.6	65.0	16.1	11.2	72.7
Arizona	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Rocky Mountain:	12.0	7.1	80.9	9.9	8.0	82.1	11.9	10.3	77.8
Montana	17.3	5.8	76.9	14.2	6.3	79.5	21.6	6.7	71.7
Idaho	17.8	12.5	69.7	10.1	9.7	80.2	17.6	10.2	72.2
Wyoming	12.9	17.6	69.5	11.5	16.7	71.8	15.8	26.1	58.1
Colorado	11.3	.6	88.1	7.4	5.3	87.3	7.9	8.2	83.9
Utah	7.7	14.2	78.1	11.3	9.3	79.4	9.8	8.0	82.2
Far West:	3.0	3.9	93.1	3.4	5.0	91.6	4.5	3.4	92.1
Washington	4.3	11.4	84.3	4.6	13.5	81.9	6.7	7.0	86.3
Oregon	6.2	7.1	86.7	7.6	8.0	84.4	9.4	7.5	83.1
Nevada	9.0	21.8	69.2	15.4	22.1	62.5	29.2	20.4	50.4
California	2.4	2.1	95.5	2.7	2.7	94.6	3.4	2.2	94.4
Alaska	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Hawaii	6.7	93.3	0	7.4	92.6	0	6.8	93.2	0

Footnote: See page 33. N.A. - Data not available.

Source: Derived from table 4, see Footnotes p. 18a

It should be remembered, according to the Census figures shown in Table 3, that total public library expenditures increased by 19 percent between 1972 and 1974. Therefore the shift in the state assumed burden from 10.8 to 12.9 percent is significant. Earlier reports have called for increases in the level of state support and the data indicate some movement toward this objective. A major purpose of channeling LSCA funds through the state and the requirement of state comprehensive plan development was designed to stimulate an increase in state interest and fiscal support. At the same time, it is apparent that the fiscal relief provided to local government tax sources supporting public libraries is almost imperceptible. This is particularly true in the light of the rising cost levels mentioned earlier. On a national basis then, the present distribution of public library costs is nowhere near a balanced intergovernmental funding system recommended in earlier reports. The overwhelming portion of the costs still falls on local government.

On a regional basis, between 1972 and 1975 state expenditures increased in six of eight continental Regions (see table 5A). The state share declined slightly in the New England and Rocky Mountain Regions. Somewhat correspondingly, the local share declined in five of the eight continental Regions and increased in the New England, Rocky Mountain and Far West Regions. The Federal share declined in six of the eight Regions with only slight increases in the Southeast and Rocky Mountain Regions.

Table 5A

Federal, State, and Local Expenditures as A Percent of Total Library Expenditures for 1972, 1974, and 1975

	Federal Expenditures			State Expenditures			Local Expenditures		
	1975	1974	1972	1975	1974	1972	1975	1974	1972
New England	3.5%	4.3%	5.0%	12.7%	13.8%	14.6%	83.8%	81.9%	80.4%
Mideast	3.2	2.5	4.1	18.7	17.7	16.8	78.1	79.8	79.1
Great Lakes	4.2	2.6	4.7	10.4	10.1	7.5	85.4	87.3	87.8
Plains	7.8	7.3	8.4	10.1	5.8	4.8	82.2	87.0	86.8
Southeast	9.0	8.7	10.3	20.3	17.4	14.1	70.7	73.9	75.6
Southwest	12.2	4.9	11.1	5.3	6.5	4.2	82.5	88.6	84.7
Rocky Mts.	12.0	9.9	11.9	7.1	8.0	10.3	80.9	82.1	77.8
Far West	3.0	3.4	4.5	3.9	5.0	3.4	93.1	91.6	92.1
U.S.	5.0	4.3	5.8	12.9	12.4	10.8	82.1	83.3	83.1

Source: Table 5.

The heavy burden of public library expenditures on local tax sources is quite consistent among the states, as shown in Table 5. In 1972, the local share of these costs was 70 percent or more in 32 states and in 23 of these states the burden was 80 percent or more. The slight movement toward a better balance mentioned earlier is discernible in the state-by-state data. In 1975, the number of states in which the local share of public library costs was 70 percent or more dropped to 29, and the number above 80 percent dropped to 18. Some indication of the extent to which states are filling the gap left by the leveling-off of Federal funds can be seen by the number of states increasing the state share of costs. Between 1972 and 1975, the state share of expenditures increased in 29 states and decreased in 10 other states. Most of the decreases were slight. On the other hand, many of the percentage increases were sizeable.

Patterns and trends in the level of the Federal share of public library expenditures are quite consistent. In 35 of the 40 states for which 1975 data were available, the Federal share was less than 15 percent, and in 24 of these states the share was less than 10 percent. The pattern was about the same in 1972. It is clear that Federal share percentages are higher in the more rural states. The significant change, of course, is the leveling-off of Federal funds. In 28 states the Federal share decreased percentagewise between 1972 and 1975.

In summary, the basic pattern in the distribution of public library costs among levels of government is clear and constant. Local government bears the lion's share of costs and the pattern is fairly consistent among the states. There is no question about the decrease in the Federal share. If the objective is significant relief of the burden of these costs on local government, it must be said that the 1972-1975 comparisons indicate only a slight movement toward that goal. More significant is the shift toward a higher state share in filling the gap produced by lower Federal funds.

Library Expenditures Related to Population and Income

On a national basis, per capita expenses for public libraries increased from $4.38 in 1972 to $5.83 in 1975, an increase of 33 percent, (See Table 6). This significant increase is contrasted with a slight decline in expenditures per $1,000 of personal income from $1.05 to $.97 during the same period. The increase in expenditures per capita can be interpreted as a positive sign for improved financing of public library services. However, the decline in expenditures in relation to income is another indication of a failure of expenditure increases to keep pace with rising costs and inflationary pressures. It also must be remembered that these increases are coming largely from local government and are supported primarily by a relatively inelastic and over-burdened real estate tax.

Regionally, as shown by Table 6A, the 1975 per capita expenditures ranged from $3.01 in the Southeast Region to $7.58 in New England, compared to a national per capita expenditure of $5.83. Per capita expenditures increased in all Regions between 1972 and 1975. Lowest increase was 22 percent (Plains Region) and highest was 50 percent (Rocky Mountain Region). Regional expenditures per $1,000 of personal income in 1975 ranged from a low of $.57 (Southwest Region) to a high of $1.27 in the New England Region compared to a national figure of $.97. Between 1972 and 1975, expenditures related to personal income decreased in all regions except one (Southeast), again following the national trend. The size of the decreases in percentage terms ranged from -1.8 percent (Rocky Mountains Region) to -15.1 percent in the Plains

Table 6

State and Local Library Expenditures Per Capita and Per Thousand Dollars of Personal Income 1972, 1974 and 1975, by State*

State	1975 Per Capita	1975 Per $1,000 Personal Income	1974 Per Capita	1974 Per $1,000 Personal Income	1972 Per Capita	1972 Per $1,000 Personal Income
United States	$5.83	$ .97	$5.15	$ .94	$4.38	$1.05
New England:	7.58	1.27	7.04	1.21	5.90	1.31
Maine	5.19	1.09	4.64	1.01	3.43	1.03
New Hampshire	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Vermont	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Massachusetts	8.19	1.33	7.09	1.23	6.25	1.38
Rhode Island	6.44	1.09	5.75	1.08	5.28	1.29
Connecticut	N.A.	N.A.	8.14	1.26	6.24	1.27
Mideast:	7.39	1.16	6.62	1.11	5.81	1.25
New York	9.73	1.47	8.83	1.43	7.63	1.53
New Jersey	7.31	1.10	6.51	1.04	5.39	1.13
Pennsylvania	3.63	.69	3.33	.61	3.10	.75
Delaware	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Maryland[2]	8.04	1.25	6.56	1.10	6.34	1.42
Great Lakes:	6.18	1.01	5.65	.99	4.66	1.08
Michigan	5.81	.93	5.33	.91	4.18	.95
Ohio	6.25	1.06	5.99	1.09	5.16	1.24
Indiana	5.50	.98	5.13	.99	4.91	1.23
Illinois	6.51	.96	5.72	.91	4.40	.93
Wisconsin	6.75	1.19	5.92	1.13	4.83	1.25
Plains:	4.47	.79	3.91	.74	3.68	.93
Minnesota	5.61	.97	4.83	.89	4.62	1.16
Iowa	4.55	.77	3.87	.73	N.A.	N.A.
Missouri	3.74	.69	3.49	.69	3.30	.84
North Dakota	3.66	.63	3.11	.56	2.82	.80
South Dakota	3.81	.77	4.47	.95	4.03	1.18
Nebraska	4.35	.70	3.45	.65	2.95	.74
Kansas	N.A.	N.A.	3.61	.66	3.49	.83
Southeast:	3.63	.76	3.23	.71	2.57	.63
Virginia	5.32	.94	5.04	.94	3.48	.90
West Virginia	N.A.	N.A.	2.70	.61	2.03	.62
Kentucky	4.52	.97	2.88	.66	2.54	.77
Tennessee	3.03	.64	3.15	.69	2.22	.68
North Carolina	3.45	.72	2.99	.65	2.34	.69
South Carolina	2.31	.51	2.11	.49	2.42	.78
Georgia	3.93	.79	3.68	.77	2.87	.81
Florida	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Alabama	2.58	.57	2.23	.53	1.76	.57
Mississippi	3.47	.86	3.22	.85	2.27	.82
Louisiana	3.87	.82	3.69	.84	3.48	1.08
Arkansas	2.61	.60	2.01	.48	1.89	.62
Southwest:	3.01	.57	2.43	.50	2.06	.57
Oklahoma	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Texas	2.93	.54	2.35	.47	2.00	.55
New Mexico	3.87	.86	3.22	.78	2.67	.82
Arizona	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Rocky Mountain:	5.91	1.08	4.83	.95	3.93	1.10
Montana	4.22	.78	3.82	.77	3.64	1.02
Idaho	4.57	.92	3.70	.75	3.08	.91
Wyoming	8.73	1.47	7.29	1.36	7.43	1.93
Colorado	6.26	1.07	4.55	.83	4.10	1.02
Utah	6.28	1.30	6.06	1.36	3.95	1.18
Far West:	7.49	1.16	6.22	1.00	5.94	1.27
Washington	8.00	1.28	7.63	1.34	6.59	1.59
Oregon	4.56	.81	3.86	.73	3.52	.91
Nevada	4.46	.68	4.46	.74	3.87	.83
California	7.81	1.19	6.28	1.04	6.14	1.34
Alaska	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Hawaii	6.45	1.02	7.28	1.23	6.23	1.36

*See Footnote, Table 6A.

Region. In view of this national trend, the 21 percent increase in the Southeast Region is perhaps partially explained by the fact that expenditures for the Region were quite low in both 1972 and 1975 compared to other Regions. Thus, any change is likely to have a relatively great impact percentage-wise.

Table 6A

State and Local Library Expenditures Per Capita And Per Thousand Dollars of Personal Income; 1975 and Percent Change 1972-1975, By Region (1)

Region	Expenditures Per Capita 1975	% Change 1972-75	Expenditures Per $1000 Personal Income 1975	% Change 1972-75
New England	$7.58	+ 28.5%	$1.27	-3.1%
Mid East	7.39	+ 27.2	1.16	- 7.2
Great Lakes	6.18	+ 32.6	1.01	- 6.5
Plains	4.47	+ 21.5	.79	-15.1
Southeast	3.63	+ 41.2	.76	+20.6
Southwest	3.01	+ 46.1	.57	0
Rocky Mt.	5.91	+ 50.4	1.08	- 1.8
Far West	7.49	+ 26.1	1.16	- 8.7
U.S. Totals	$5.83	+ 33.1	$ .97	- 7.6%

Footnote:

(1) Tables 6 and 6A: Population estimates used in per capita calculation are as of July 1, 1972 and 1974. The estimates for 1975 are as of July 1 and are provisional. Personal income figures are based on the 1971 calendar year, the revised figures for 1974, and the preliminary figures for 1975. The calculations are based on the above data applied to expenditures listed in Table 4. Sources of population and income data for the years indicated are as follows:

Population - Current Population Reports, Bureau of the Census

Income - Survey of Current Business, U.S. Dept. of Commerce

On a state by state basis, the pattern of change in per capita and per $1,000 of personal income is fairly consistent. A total of 29 of 40 states had increases in per capita expenditures ranging between 21 and 60 percent. Individual per capita figures ranged from $2.31 (South Carolina) to $9.73 (New York). Four states had per capita expenditures between $2.00 and $2.99; 17 between $3.00 and $5.00 and 19 between $5.00 and $10.00.

Expenditures per $1,000 of personal income among states in 1975 ranged from $.51 (South Carolina) to $1.47 (New York). In twenty-six of 40 states, expenditures related to income ranged between $.51 and $.98, and in 14 states the value was above this level. Comparison of expenditures per $1,000 income between 1972 and 1975 indicates that 29 states showed decreases, and that eight of these states decreased 20 percent or more. Eleven states showed an increase in expenditures per $1,000, or remained at the same level.

State Aid to Public Libraries Compared to Total State Aid

The need for states to assume a larger share of the burden of public library service costs was indicated earlier in this report, and it has been a pointed recommendation of many earlier studies. As previously noted, the reasons for this requirement designed to improve public library financing are closely similar to those in the public education financing area. It is a state responsibility to insure both an adequate level and equitable distribution of services using methods which take into account varying needs and fiscal capacities of local government.

Census of Governments data for the nation provide the basis for a comparison of state aid to libraries with total state aid over the past ten years. The data indicate that, while local library aid is increasing, such payments are not keeping pace with increases in total state aid payments to local government (see Table 7). In 1967, state aid to libraries in 35 states represented .33 percent of total state to local government payments. In 1974, state payments for library services in 42 states represented only .22 percent of total state to local government payments. Between 1967 and 1974, state payments for public library services increased less than 60 percent while total state payments to local governments increased 142 percent.

The average annual rate of increase for state payments to local public libraries between 1967-1972 was 7.8 percent. Between 1972 and 1974, this average annual increase had slowed down 4.7 percent. In contrast, total state payments increased annually, on the average, by 14.1 percent between 1967 and 1972, and by 11.8 percent between 1972 and 1974.

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Table 7

Comparison of Total State Aid for All Purposes With State Aid for Public Libraries in 1967, 1972 and 1974

	State Payments to Local Governments* (millions				
	1974	Percent change	1972	Percent change	1967
Total All Payments	$45,941.1	+25%	$36,759.2	93%	19,001.3
Payments for Public Libraries	100.8	+10%	91.9	45%	63.0
Percent Library Aid of total	.22%		.25%		.33%

*includes Federal aid channeled to localities through the State

Source: State Government Finances, 1967, 1972 and 1974, U.S. Bureau of the Census

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All of this seems to make clear that state payments for local public library services are not keeping pace with the total of all other state to local aid payments. This trend is especially significant in view of the extremely high portion of public library expenditures paid from local tax revenues. It is apparent that state aid payments do not represent an adequate share of a balanced intergovernmental funding system in support of local public library service costs, and the situation is worsening. The extent to which the leveling-off and instability of Federal aid under LSCA are factors affecting adversely state public library aid programs is not clear. The extent to which GRS payments may have had an impact on state-local library funding will be examined later.

III

The Federal Role and Funding Mechanism in Support of the Public Library

Introduction

Although private philanthropy has played an important role in the historical growth and development of public libraries, the major thrust for library development has been provided by local, state, and Federal governments. The first state law providing for the establishment of public libraries was passed in New Hampshire in 1848. This act did not provide state aid for libraries. However, it did allow local authorities to levy taxes for library support, provided for free access for all, and allowed the city or town to receive bequests or gifts on behalf of the library. Massachusetts soon followed New Hampshire's lead and added a limit on the extent of municipal support for libraries. This law also allowed for the possibility of state aid for libraries from the education fund. Other states soon passed similar laws. By the end of the nineteenth century, all states had passed legislation providing for the establishment of public libraries and the levying of local taxes for their support. Furthermore, by 1875 all states had established a state library for use by governmental officials, the judiciary, and generally the citizens residing near the state capitol.

In an historical perspective, the Federal role came late and in a limited form. Passage of the Library Services Act in 1956, later revised and renamed The Library Services and Construction Act is the only expression of a Federal funding role

focussed directly on the public library. The State and Local Fiscal Assistance Act of 1972 provided funding support under the general revenue sharing (GRS) program for a variety of state and local services. Public libraries were identified as a "priority" expenditure for the use of GRS funds at the local level. The only other effort to enunciate a Federal funding role was in the preparation of a Senate bill (S.3944) called the Library Partnership Act. The bill was introduced in 1974 and described a quite different and quite reduced, Federal funding role.

This section of the report provides a summary analysis and evaluation of both LSCA and the proposed Library Partnership Act. A detailed evaluation of the impact of the GRS Act is presented in a later section.

The Federal Role Under LSA and LSCA[1]

In 1956, Congress passed the Library Services Act, the first major piece of Federal legislation for the support of public libraries. The Act required each state to prepare a plan, the approval of which was a prerequisite to the use of Federal funds. A primary goal of the Act was the extension of library service to the rural population. Aid was precluded from towns with a population of more than 10,000.

Amendments in 1964, under the title "The Library Services and Construction Act", broadened the scope to include grants for construction of library facilities. Equally important, the new act recognized the need to support libraries in urban as well as

1. This section is excerpted from the earlier GSS paper. "Basic Issues in the Governmental Financing of Public Libraries", Government Studies & Systems, 1973.

rural areas. Plan requirements placed on the states were revised accordingly. Federal funds were allocated according to a formula which recognized only two basic factors: population and income. Each state was entitled to a share of the total federal grant equal to the ratio of the state's population to the total population of the country. However, in order to receive its full share, each state had to provide matching state and local funds based on the ratio of the state's per capita income to the national average per capita income. Thus, wealthier states were required to provide more matching funds than poorer states. A stipulation was added that in no case would Federal funds for library service and construction exceed sixty-six percent, nor be less than thirty-three percent, of the total costs. Determination of the use of Federal funds was left in the hands of the state library agency. It should be noted that the revised act represents a kind of block grant. Its objective clearly was a distribution of Federal aid in general support of library services. Except for the state plan requirement, none of the fiscal support provisions relates directly to library needs, or library services. Thus, the current level of library services, differential service needs, and requirements to provide specified library services are not included as a part of Federal subsidy machinery.

In 1966, LSCA was amended to identify three new areas for improvement in library service. With these amendments, LSCA provided Federal support in the following major categories:

(1) Library Services (Title I): support to be used for books and other library materials, salaries,

equipment and other operating expenses.

(2) Library Construction (Title II): support to be used for new or improved facilities and other capital expenditures.

(3) Interlibrary Cooperation (Title III): support to be used for the establishment and maintenance of local, regional, state or interstate cooperative networks of libraries, including public-nonpublic library networks. No matching of Federal funds required.

(4) Grants for library services in state institutions and library services for the physically handicapped (Title IV): authorized grants for the provision of library service to inmates of prisons, state schools and hospitals, and to provide services for the physically handicapped unable to use conventional printed materials. This Title was never funded and, in the 1970 amendments, Title IV was incorporated into Title I.

The 1970 amendments also extended LSCA until 1976 and expanded Title I to provide special library services for disadvantaged persons, to provide assistance to state library administrative agencies, and to strengthen metropolitan libraries.(1)

As indicated earlier, this Federal legislation has had a

(1) "LSA and LSCA: Legislative History," James W. Fry in Library Trends, July, 1975

positive influence on the statewide development of public libraries. Although the amount of Federal aid has been small in relation to total library expenditures, the program has encouraged the states to accept and implement increased responsibility for support of public libraries.

Thus, Federal funds, accompanied by a matching requirement and plan preparation, stimulated the states' response to public library needs and strengthened the administrative and planning roles on the state library agency. Local libraries could look to the state as well as local government for relief of some of their pressing fiscal problems. The trend toward increased state-support of library services has been described as "one of the potentially most important developments during the past ten to fifteen years in public library systems."[1] The fear that increased state fiscal support would result in an excessive or monolithic pattern of state control over the development of public library systems has not been realized.

More recently, there has been further recognition that the massive concentration of disadvantaged and deprived populations in the urban complexes, together with the accompanying problems of declining tax capacity, increased municipal expenditures, and urban decay have exacerbated the plight of the urban library. As a result, a new proposed amendment to LSCA establishes

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[1] Ralph Blasingame and Ernest R. DeProspo, Jr., "Effectiveness in Cooperation and Consolidation in Public Libraries," in Melvin J. Voight, Advances in Librarianship, I, New York, Academic Press, 1970, p. 194.

a Title V addressed to special needs of urban libraries. The declaration of purpose in the proposed amendment is stated as follows:[1]

> In recognition of the serious financial distress of large urban public libraries, the Congress hereby declares it to be the policy of the United States to provide financial assistance to such libraries for the purchase of books and other library materials. Large urban public libraries are a critical part of the nation's information and cultural resources, and as such are deemed to be vital for the educational, cultural and economic development of this country. Balanced intergovernmental funding is, therefore, essential at the local, state and federal levels in order to achieve the content and quality of public library services for the citizens of the United States.

The amendment would provide additional funds to public libraries in cities of over 100,000 population. Interestingly, the amendment stipulates that these funds would pass through the state library agency and would be distributed on a per capita basis. Whether or not this proposed amendment will be adopted remains a question, but it is a recognition of the special problems faced by large urban public libraries.

Criteria for Evaluating LSA-LSCA as a Funding Mechanism

Although the LSA-LSCA program is 20 years old and has expended over $700 million since 1957, there has not been any continuing comprehensive evaluation of the program by HEW. As a result, there are conflicting views about its successes and failures and confusion about its impact on public library services nationwide.

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[1] Working Draft of Proposed LSCA Title V (dated 7/18/76) provided by ALA.

Any effort to assess the program should take note of its major claims and criticisms. This section is based on an examination of a selection of principal critiques and statistics about the program viewed in terms of the following criteria:

1. Federal support of library services underpins state and local library programs and is a stimulator, i.e., it provides "seed money" to assist states in developing and sustaining adequate library services. The Federal support should be related to state and local needs and should be assured from year to year.
2. Federal support should not be used as a replacement for state support, but rather as a stimulus for additional state appropriations for library service development and improvement. Thus, a primary emphasis in Federal-state funding systems should be the development of library services for the unserved and the inadequately served and the elimination of service and service cost disparities.
3. Federal support should stimulate and guide the determination of measurable objectives and performance standards based on output measures. This should permit continuing evaluation to demonstrate program impact and achievement of purpose.
4. Federal support should engender strong, coordinative linkages within and among public library systems, and to the extent possible, between public library systems and all other types of library services. The goal here is to improve both access and quality of library services to all citizens at equitable costs distributed strategically among the various levels of government.

Strengths and Weaknesses of LSCA

The Federal Government's investment in public libraries, beginning in 1956, was viewed as a major impetus to State support and planning for library services nationwide. As the figures in Table 8 show, Federal support has in fact increased significantly over the succeeding twenty-year period.

Beginning in 1957 with an appropriation of $2,050,000, the Congress gradually increased LSA aid to $7,500,000 in 1961 and maintained that level of assistance through 1964. With enactment of LSCA the appropriation was increased $55 million in 1965 and 1966, and to $76 million in 1967. From 1967 on, the annual appropriation was increased or decreased by substantial amounts. Funding for the construction program under LSCA Title II was eliminated in 1973 and never reinstituted. In the ten year period, 1966-76, the appropriations were maintained at the same level for only 1969 and 1970, and again for 1975 and 1976. Congressional override, on September 30, 1976, of President Ford's veto of the Departments of Labor and HEW appropriations bill (HR14232) provided a substantial increase in LSCA funding for FY1977 at $60,237.000.

Although Federal aid to libraries represents only about five percent of the nation's library expenditures, Federal support is viewed as having a substantial impact on the development and improvement of public library services. In his paper

TABLE 8

Appropriations for LSA and LSCA

(All Titles) 1957 - 1976

Fiscal Year	Appropriation	Cumulative Appropriations
1957	$ 2,050,000	$ 2,050,000
1958	5,000,000	7,050,000
1959	6,000,000	13,050,000
1960	7,431,000	20,481,000
1961	7,500,000	27,981,000
1962	7,500,000	35,481,000
1963	7,500,000	42,981,000
1964	7,500,000	50,481,000
1965	55,000,000	105,481,000
1966	55,000,000	160,481,000
1967	76,000,000	236,481,000
1968	68,000,000	295,190,000
1969	49,894,000	345,084,000
1970	49,894,000	388,350,250
1971	47,801,500	436,151,750
1972	58,709,000	494,860,750
1973	84,500,000	579,360,750
1974	49,209,000	626,109,750
1975	51,749,000	677,858,750
1976	51,749,000	729,607,750
1977	60,237,000	789,844,750

Sources: Data for 1957 through 1975 are from Robert W. Frase, The Future of Federal Categorical Library Programs, March 5, 1975, Table B. Data for 1976 and 1977 is from the Washington Office of American Library Association. (ALA October 5, 1976 Newsletter.)

on the future of Federal categorical library programs, Robert Frase says, "Public library services have unquestionably been greatly extended and improved, using the funds appropriated under Title I. Since public libraries have traditionally been created and financed primarily by local governments, the quality and even the very existence of public library services has varied greatly, not only between states but within states as well. The Library Services and Construction Act was designed to deal directly with this problem by requiring state plans for coordinated programs designed to meet the needs of all the citizens of each state. The state library agencies have been greatly expanded as a result of the Act, and called into existence where they did not exist before. Systems of libraries have been created to provide better service through cooperative action. Interlibrary loan networks have been established on a state basis. State statutes have come into existence, establishing goals and standards for public library services and authorizing state appropriations." [1]

The uncertainty of Federal support from year to year and the absence of adequate technical assistance and guidance by Federal agencies have weakened the potential impact of Federal aid.

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[1] Robert W. Frase, The Future of Federal Categorical Library Programs, March 5, 1975

These problems are highlighted by Joseph F. Shubert: "As one examines the accomplishments and strengths as well as the weaknesses and problems of the LSA/LSCA years, one notices first the disparity between the promise and the reality of the program, i.e., the gap between legislative authorization and appropriation. For more than half of the LSCA program's history, and despite work on long-range planning, this gap, fiscal uncertainty, and delayed appropriations have necessitated ad hoc decisions for both state agencies and local libraries. Difficult decisions had to be made to keep programs afloat and staff together in "lean periods."[1] As Table 8 shows, the amount of money appropriated by the Congress varied almost year to year, after 1964, and was less in the years 1968, 1969, 1971 and 1974 than in each of the preceeding years.

Shubert also is critical of LSCA administration with respect to information gathering and dissemination: "Another problem that has surrounded LSCA since its inception is that of insufficient collection of data and dissemination of information about the program. Assessment of program effectiveness has been somewhat fragmentary and much of what has been produced is buried in U.S.O.E. files. The problem of data gathering and dissemination require the attention of everyone involved in the program at all levels."[2]

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[1] Joseph F. Shubert,"The Impact of the Federal Library Services and Construction Act", in Library Trends, Volume 24, No. 1, July, 1975, p. 39.

[2] Ibid, pp 39-40.

A third problem identified by several observers is the lack of technical assistance and guidance at the Federal level. This is not due to lack of interest of Federal staff, but rather the limitation on numbers of staff. It has also been pointed out that effective utilization of the LSCA plan requirement to stimulate state program development has been lacking. The Federal library unit must have sufficient status to insist on effective state comprehensive library planning as a condition to Federal fund distribution.

Even though the cumulative total of Federal expenditures between 1957 and 1976 was about $730 million, some observers view the impact on state public library subsidy systems as less than adequate.

1. At present, there are still states which provide no direct assistance for local library service. Many other assistance programs are discretionary and lack the stability and commitment of a legal mandate.
2. The level of state support is significant in a few states but is nominal in many states. This indicates that, however well states have responded to the LSCA stimulus, they have not yet taken seriously the charge of insuring the development of an adequate pattern of public library services in all jurisdictions.[1]

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[1] Basic Issues in the Governmental Financing of Public Libraries, Government Studies & Systems, May 1973, p. 22.

3. While the size of the LSCA grant is relatively small, the share which is spent for local public libraries is the prerogative of the recipient state, and it varies greatly among the states. A recent report of the General Accounting Office pointed out that "state financial reports for fiscal year 1972 revealed that all states retained large percentages of Title I funds at the state level for administration and support services or for statewide projects." The Report noted that 38 percent of the total LSCA Title I allotments was retained at the state level.[1]

4. While the gap between legislative authorizations and appropriations, mentioned earlier, is not atypical in Federal funding programs, it has been an important factor limiting LSCA effectiveness. Amounts allocated to individual states under LSCA were so small as to make difficult their use to stimulate development of a broad - guaged state public library aid system, or to be used as part of such a system. Moreover, while LSCA made use of a state plan device, the smallness of the grants coupled with less than adequate organization and staffing of a Federal library unit resulted in little opportunity to assist the state planning process, or to monitor the use of Federal funds.

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[1] Comptroller General of the United States, Report to the Congress - Federal Library Support Programs: Progress and Problems, December 30, 1974, pp. 21-22.

Analysis of the Library Partnership Act (S. 3944)

The Library Partnership Act, (S. 3944), was introduced in the Senate of the United States by Jacob Javits (R. - N.Y.) on August 22, 1974. Although the bill was introduced by Senator Javits at the Administration's request it did not receive his endorsement, nor did the measure excite much interest on the part of other members of the Congress. Yet, with the single exception of the establishment of the National Commission on Libraries and Information Science, the Library Partnership Act now historically represents the sole Administration initiative directly affecting libraries which has taken place since 1965, the year of the Johnson Administration's major educational enactments, e.g., the Elementary and Secondary Education Act (ESEA) and the Higher Education Act (HEA).

The proposed legislation embodied some of the philosophies of the Nixon Administration, especially those aspects which called for grant consolidation, reduction of dependency on the Federal government, and simplification of the governmental machinery.

Understandably skeptical of a proposed measure yielding only $15 or $20 million* as contrasted to over $218 million annually appropriated in grant support for the nation's major types of libraries, the library profession at large showed no interest in the Library Partnership Act, and its fate would appear to be that of many other bills which reach the Congress only to die aborning.

The bill's development and introduction is evidence, however, that the Administration was seeking a different direction for library funding. Specifically, the new direction is one that diverts Federal funds away from institutional support for school, public and academic libraries and funnels these funds into broader based categories consonant with Federal goals to reach the economically disadvantaged and those with other disadvantages, such as the physically handicapped. Analysis of the bill in greater detail is thus relevant to any research evaluating the effectiveness of Federal funding of public libraries. It represented a significant departure from the existing library legislation provided through the Library Services and Construction Act (LSCA); ESEA, Title IV - B; and HEA, Title II.

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*The sum of $15 M was recommended in the Nixon Administration budget for FY 1975, and $20 M was recommended in the Ford Administration budget for FY 1976. No amount was recommended in the FY 1977 budget for the new legislation.

The Provisions of the Bill

The proposed Partnership Act provided the following elements of a Federal funding program.

1. Discretionary grants to be awarded by the Secretary of the Department of Health, Education, and Welfare (HEW) for the demonstration of innovative library services to the handicapped, institutionalized, and the economicallly disadvantaged; for the demonstration of means to integrate informational and educational services and for planning activities authorized under the Act.
2. Eligible recipients of such grants could include State and local library agencies; public and non-profit organizations and institutions.
3. The legislation was proposed to extend from FY 1975 through FY 1977.
4. No specific authorization level was specified in the bill, although the FY 1975 budget proposed $15 M and the FY 1976 budget recommended $20 M.
5. The State library administrative agency was not designated the official recipient of the funds, but it was granted authority for review and comment.

6. Funding for any given project was to be prorated with Federal financial assistance covering up to 100 percent in the first fiscal year, not to exceed 70 percent in the second fiscal year, and not to exceed 40 percent in the third fiscal year.

7. The Secretary of HEW was to be held responsible for establishing criteria for the approval of grants, namely:

   a. the degree to which the proposal met the objectives specified in the enactment;

   b. the degree to which the project could be replicated; and

   c. the determination of available funding to cover the proposed activity when the Federal support was terminated.

Analysis of the Bill's Provisions

The first point to be made is that the legislation is an omnibus bill: that is, its provisions could conceivably cover any type of library now eligible under the present legislation. Section 5 (a) (1) of S. 3944, in calling for the demonstration of services to disadvantaged clients, would primarily relate to public libraries, although not exclusively. Section 5 (a) (2) would pertain to any or all types of libraries engaged in

cooperative services. Section 5 (a) (3), in designating the integration of informational and educational services could affect public, public school, and academic libraries -- specifically those which attempt interinstitutional relationships with agencies of formal education, such as public schools or institutions of higher learning.

These three main aims of the proposed legislation then would either target Federal funds for highly selected clienteles (the economically disadvantaged, it should be noted, have been a source of presidential concern throughout the Kennedy, Johnson, and Nixon administrations) or , by contrast, make provision for certain activities involving interlibrary arrangements or interinstitutional combinations leading to a closer alliance between the informational services of libraries and the provision of public education. The change from previous Federal funding policy is clear: Rather than serving as small financial dollops within the larger support framework provided by local, or state funding, the Federal funds would serve a more identifiable function -- one calling attention to evaluation of highly visible projects serving hard-to-reach clienteles, or those affecting institutions of different authorities and types in their joint concern to effectuate resource sharing for a larger constituency.

The second important point to be considered is the demonstration aspect of the bill. In this context it should be remembered

that the Nixon Administration introduced legislation to create the National Institute of Education (NIE), primarily because the President evinced concern that mounting large-scale Federal educational programs without research into their effect was largely a waste of taxpayers' money. In his educational message to Congress on March 3, 1970, the President made the comment that increased Federal aid to education would only come about when "we gain a new confidence that our education dollars are being wisely invested to bring back their highest return in social benefits....As we get more education for the dollar, we will ask the Congress to supply many more dollars for education."

The research and demonstration emphasis of S. 3944 is consistent with Administration thinking that Johnson's Great Society programs of compensatory education for low-income children should not be furthered without additional investigation of their effect. Such research and demonstration would allow for random innovation or large-scale social experimentation, but would disallow the funding pattern of the present legislation providing for institutional support of school, public, and academic libraries.

To those familiar with previous research projects funded under HEA II B, the demonstration aspect of the proposed legislation might well seem compatible. One or two examples will suffice: the Philadelphia Action Library, which was supported

in part by II B funds, would be eligible under all three of the provisions of Sec. 5. The Philadelphia project was essentially designed to aid children of low-income families, was conceived as a center with special relationships to the site's existing community and school libraries; and was carried out in cooperation with the Philadelphia public library system and the City's public and diocesan schools. By contrast, a second project, also receiving extensive support from HEA II B, was the BALLOTS project of Stanford University, a bibliographical on-line computerized operation now making it possible for libraries, other than Stanford itself, to obtain various services within a networking mode for their own institutions. This latter project, although not serving a primarily disadvantaged clientele, would be completely eligible under theprovisions of Sec. 5 (a) (2).

Both these projects could be seen as innovative and requiring special assistance beyond the resources of local or institutional authorities. Both were and remain "risk capital" projects and, in the view of Administration observers, eligible for funding from the nation's largest collector of taxes, the Federal government. Viewed in this light, the proposed Library Partnership Act would seem to indicate that the Administration was agreeing to accept Federal responsibility for certain experimental endeavors which could not be funded otherwise. It might also be said that the proposed legislation was not being offered as a substitute for the existing categorical-aid

programs, but rather as an alternative to them. Having already adjudged that library support was a matter of state and local responsibility, the Administration put forth an alternative legislative proposal to assume a much larger research and development role. Funding levels for the present research and demonstration program (HEA II B) have remained somewhere below $3 million annually; the Nixon budget recommended $15 million for these purposes and the Ford budget suggested another increast to $20 million, a figure representing almost ten times the current outlay for such experimental activities.

The networking aspects of the proposed legislation also point to allied developments within libraries operated entirely with Federal funds, such as the Library of Congress. The Library's own development work with MARC (Machine Readable Catalog) tapes, now widely used by a number of regional consortia (OCLC, SOLINET, etc.) for various library functions including cataloging and book purchase, has made possible new directions for the nation's libraries and has greatly augmented the role of the Library of Congress as the "national" library. It is not impossible to conceive that the Federal government might wish to change the emphasis of all present library legislation by creating a new statute which could work in tandem with provisions for developmental activity in Federally supported libraries, such as Library of Congress, The National Library of Medicine and the National Agricultural Library. This new legislation

could channel Federal funds into furthering the resource sharing among libraries which automated devices such as MARC tapes already facilitate.

The third point to be made about S. 3944 relates to its format as a discretionary program rather than a state-plan program. At present, both ESEA IV-B and LSCA are operated as state-plan programs. HEA II is the exception, since academic institutions (the primary recipients of the title) do not normally come under state departments of education; consquently the funds are administered as direct institutional grants. Although it is true that the state library agencies are permitted review and comment on specific projects, and that governors of states affected by interstate library activities are also guaranteed similar reviews, the proposed legislation cedes authority to HEW for the determination of the criteria under which future grants would be made. One of the factors on which the criteria must be based is the assurance that the project will be continued at such a time as the Federal funds are phased out. Again, the inclusion of this factor underscores the view that categorical aid on a permanent basis for library support was not an acceptable use of Federal funds.

In effect, then, the Library Partnership Act should be regarded as a distinct alternative to present Federal funding patterns providing institutional support to all major types of libraries. The bill stressed two aspects of Administration

philosophy: the need to address the educational needs of deprived Americans and the requirement to employ funds to aid in the development of interlibrary and interinstitutional cooperatives, thereby effectuating wider usage of certain resources and enlarging the clientele base of existing libraries. The Nixon Administration would have viewed such a development as consonant with the President's intent to effect a reform in American education.

In reference to the development of cooperatives, the legislation anticipates that some of these will cross state lines, thereby increasing the responsibility of the Federal government for their governance. The bill also anticipates an enlargement of the cross-fertilization of ideas and activities between formal agencies of education and informal ones such as libraries, and cites the integration of educational and informational delivery systems. Thus, library legislation is placed within the broader framework of American education.

As a package, the proposed Act can be construed as an Administration attempt to eliminate the burden of the Federal government in furnishing an on-going subsidy to local library expenditures. It substitutes, instead, a discretionary program permitting innovative projects designed to reach hitherto unserved population groups, or to create greater economies in service through the use of new technologies and the coalescing

of combined institutions, even those in different states. The bill specifically precludes a permanent Federal role in support of these projects, thus bearing out Administration philosophy that library support was a matter of state and local initiative. What in effect the Federal government seemed to be saying in taking this initiative is that the determination of a specific Federal role has yet to be fully analysed. The Library Partnership Act does suggest some alternatives to the present legislation and in this area, at least, it warrants the profession's serious thought and reflection.

IV

Summary Analysis of State Aid Programs for Public Libraries

Introduction

The Federal public library fiscal support system, under the various titles of LSCA, was designed to channel funds into specified areas of need in the public library system including: the extension and more adequate distribution of public library services, construction and improvement of facilities, interlibrary cooperation and network development, and the development of services for readers with specialized needs. The proposed amendment for a new LSCA Title V program is addressed to the special needs of large city libraries.

The overall objective in all of these various funding components is to stimulate state governments and state library agencies to take a more active functional and fiscal role in the development of a fully adequate set of public library services in each state. Development of comprehensive state library plans, as required under LSCA, is a primary device to implement the objective of stimulating state leadership in this area.

An additional and even more important device through which state leadership can be exercised is the system and amount of state fiscal support provided local public libraries. In this analysis of the effectiveness of the Federal fiscal

support system, therefore, it is important to examine the overall characteristics and patterns of state public library aid programs. All of the data included in this analysis was gained through the detailed questionnaire sent to the chief state library officer in each state. The response was excellent. As of the date of report preparation, only five states[1] have not responded, and some of these have indicated they will later return a completed questionnaire. Not all states responded to all of the questionnaire items.

Number and Eligibility Status of Public Libraries for Receiving State Aid

In the 42 states responding to questions on number and eligibility status, the data indicates there are slightly more than 8,800 public library units throughout the nation. This count exceeds by 500 the number tabulated in the National Center for Educational Statistics (NCES) survey mentioned earlier. Unlike the NCES survey, however, the questionnaire asked for the number of units, including branches. Also, this count may well include in some states the number of library systems which exist. A regional summary of the number of public library units, as of 1975, follows.

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(1) States which did not respond are: New Hampshire, Delaware, Florida, Oklahoma, and Arizona.

Region	States Reporting	Numbers of Public Library Units	States Not Reporting
New England	5	1,095	New Hampshire
Mideast	4	1,779	Delaware
Great Lakes	5	1,739	
Plains	6	1,599	South Dakota
Southeast	11	1,355	Florida
Southwest	2	417	Okla., Arizona
Rocky Mountains	5	426	
Far West	4	400	
Alaska, Hawaii	0	0	Alaska, Hawaii
	42	8,810	8

Indications are that in most states, most public libraries are eligible, under a variety of procedures, for either or both Federal or state aid. In what appears to be an increasing number of states, the flow of funds and the application for aid is channeled through regional library systems. In fewer states, state and/or Federal aid funds are channeled through counties or municipal jurisdictions. Because of reporting problems and time constraints it is not possible to state precisely how many library units actually received Federal or state aid in 1975. Indications are, however, that a minority, perhaps one third, of library units in reporting states actually received state aid and fewer received Federal aid. It is of course true that not all states have a public library aid program. An analysis of ALA's American Library Laws (1973, with the 1975 Supplement) indicates that 21 states have no statutory aid program. In many states which have no statutory aid program, state and/or Federal funds are distributed under administrative regulations or as a discretionary grant program.

In summary, it is clear that there are a sizeable number of individual public library units in the nation. Many are linked together, either formally or informally, in regional systems. Most are eligible for state and Federal aid, but only a minority actually received such aid in 1975. This may be due to either a lack of a comprehensive state aid system or a lack of adequate funding, or both. It is clear that in many states the aid program is not statutory, but rather is operated on the basis of administrative regulations--either formal or informal. It is fairly well established that Federal aid is administered separately in many states and is distributed on the basis of project by project applications from individual libraries or library systems.

Amount and Type of State and Federal Aid Distributed in 1975

The ultimate goal of LSCA, as described more fully earlier in this report, is to assist the states in the extension and improvement of public library services in areas inadequately served, and/or to increase services to people with special library service needs. It was also pointed out earlier that there are similarities between public library and public education subsidy systems and that a judicially reinforced (Rodriguez, Serrano - Priest, et al) state responsibility existed to overcome disparities in the distribution of educational services arising from differential need and taxing capacity.

Illumination of this issue in terms of public library aid was sought in the survey questionnaire by requesting states to indicate the amounts of both Federal and state aid distributed under various types of systems. Specifically, six different types of aid systems were identified and defined in the questionnaire as follows:

1. Equalization aid - State aid distributed in relation to local fiscal capacity (for example, equalized assessed value) or local fiscal effort (for example, yield of a specified mill levy).
2. Per capita aid - State aid distributed in proportion to population served.
3. Area aid - State aid distributed in proportion to area (square miles) served.
4. Flat grants - State aid distributed in equal dollar amounts per library or library system, sometimes varied by class of library.
5. Partial reimbursement of local expenditure - Payment of a specified portion of local expenditure for specified purposes (for example, operation and maintenance costs; eligible capital project costs).
6. Discretionary aid - Distribution of state funds as determined by the state agency charged with oversight of the public library system.

A catch-all "other" category was added to the list. Table 9 presents a tabulation of the responses.

Table 9

Amount of State-Aid Distributed to Public Libraries,

By Type of Aid System and Source of Funds, 1975

Type of Aid System	Amount of State Aid, FY1975 ($000) Total	%	State Sources[1]	%	Federal Sources (Incl. GRS funds)[2]	%
Equalization	$ 8,065	5.9	$ 7,090	7.1	$ 975	2.7
Per Capita	48,887	35.7	44,628	44.5	4,259	11.6
Area Served	10,018	7.3	9,075	9.0	943	2.6
Flat Grants	21,590	15.8	15,279	15.2	6,311	17.3
Reimbursement	8,793	6.4	8,300	8.3	493	1.3
Discretionary	31,927	23.3	11,290	11.2	20,637	56.4
Other	7,694	5.6	4,714	4.7	2,980	8.1
Total	$136,974	100.0	$100,376	100.0	$36,598	100.0

Footnotes

[1] Thirty-two states reported distributions of state source funds, twelve states (including Hawaii) reported no distribution, and six states did not respond.

[2] Thirty-seven states reported distribution of Federal source funds, seven states (including Hawaii) did not distribute such funds, and five states did not respond.

Source: Compiled from survey questionnaires.

Respondents were asked to "indicate the amount of state aid to local public libraries or library systems (including all Federal funds used for state-aid purposes) by type of state-aid system used." Federal funds, for this purpose, were defined to include LSCA, GRS funds and any other Federal monies distributed through the aid system. It was recognized that a state could use more than one type of state aid system, and many responded that they did.

Not all states responded to this question. Thirty-two states reported on the distribution of state-source funds, and twelve reported that they made no state aid payments in 1975. Thirty-seven states reported on the distribution of Federal funds, and seven stated they did not make any distribution of such funds. While the data are not complete for all states, the basic purpose of gaining insight on the state aid system and the amounts distributed under the types of aid defined is served quite adequately.

A total of $137 million in funds from both state and Federal sources was distributed through state aid programs in 1975. This total figure can be compared to the $100.8 million reported as state aid for public libraries by the Bureau of the Census in 1974 (See Table 7). The point is that the survey response to this question obviously reflects the great proportion of state-aid funds. The data make clear that a wide variety of state aid systems are in use within

and among the various states. Eighteen of the thirty-two states reporting a distribution of state source funds used two or more types of aid systems simultaneously. A number reported using as many as four or five different systems in combination.

Of the more than $100 million distributed from state sources to local public libraries in 32 states, the greatest portion (45 percent) was expended through a per capita grant system. For an additional 15 percent of aid from state sources, a flat grant system was used. Discretionary grants, based usually on the review and approval of project applications, amounted to 11 percent. Only 7 percent of state aid funds were distributed through an equalization system and reimbursement accounted for an additional 8 percent.

If, in accordance with LSCA objectives, the primary goal of a state aid system is to extend and improve the distribution of public library services - then the reported pattern and use of aid systems raises some questions. The aid systems reported in major use (per capita, flat, discretionary, and area served grant systems) do not normally reflect (1) differential needs for public library services among citizens and local jurisdictions, and (2) differential local tax capacity to support such services. The data show that about 80 percent of state source funds are distributed using one, or a combination of the four indicated systems.

The system used most by states in distributing Federal funds is discretionary grants. Over half (56 percent) of the $36.6 million from this source in 1975 was expended through this means. Flat and per capita grant systems represent an additional 29 percent of Federal source funds. The earlier mentioned concern about the extent to which such grant systems discriminate adequately in accordance with differential needs and tax base capacities of local jurisdictions is relevant here, but there are some special factors which must be considered. The size of Federal source funds to individual states is extremely small (none were reported as exceeding $4 million, and most were well below that level). It is rather futile to utilize a broad-based subsidy system under such circumstances. The other point is that, while a discretionary grant system is difficult to manage and control, potentially at least, it can provide selective "targeting" of funds to areas of special need. Much more detailed research on the basis used in each state to make discretionary grants is required to render any judgment on the degree of effectiveness achieved in the distribution and use of such funds.

In summary, there is some cause for concern over the pattern and use of Federal public library support funds flowing through state aid systems. In many states, there is no clear or close compatability between the LSCA funding objectives and the distributional mechanisms used by the states to support the extension and development of public

library services. There is evidence that in many states, crude or highly fragmented funding systems are used. The bulk of both state and Federal source funds are distributed under systems that may not adequately discriminate among recipient jurisdictions and citizens with varying library service needs and local tax resources to support services. Amounts available in many states are so low as to preclude the use of a broad-based, clearly focussed state subsidy system. More research is needed to further evaluate state aid systems.

General Characteristics of State Aid Programs

The survey provided certain other information on the nature of state aid systems, the channels used in distributing aid, the existence of local government or regional library discretion in determining the amount of aid to individual libraries, and the funding methods used by local governments in providing local funding support for public libraries.

The point has been made that state public library support funds flow through a variety of state aid systems and that many states use a combination of systems. Thirty of 38 states described their aid system as being based wholly or partially on a formula or system. Of these 30 states, 13 indicated the formula or system was set forth with state statutes, 13 indicated the source was administrative regulations, and four states reported the source as both statutes and regulations. Twelve of the states reporting

the use of a formula or system also reported the use of discretionary grants. The intent of the question was to gain some insight on the kind and degree of state commitment to public library fiscal support by virtue of the authority basis supporting the aid system. The assumption is that a statutory based formula system expresses legislative policy and therefore is a more stable and firm commitment. A regulatory based formula is somewhat less so, and a discretionary system can be affected by a variety of changing factors. The data are by no means conclusive on this score, but the number of formula based systems can be considered a positive sign.

Fourteen of 35 states reporting channeled at least a portion of both state and Federal funds directly to local public libraries. Nine additional states used this direct route only for Federal funds. Twenty-three states channeled some or all of state and Federal funds through regional library systems, six states used county governments as a conduit, and 9 states routed some funds through municipal jurisdictions.

The question was asked whether regional library systems or local governments used as a conduit for state aid could exercise any discretion over the amount of aid received by local public libraries. Twelve of 28 states responding indicated that regional library or local government discretionary power could be exercised over state source funds and 16 states

responded negatively. Thirty states responded to the same question regarding Federal source aid funds. Twelve states responded yes and 18 indicated no. Regionalization of library services and the involvement of local jurisdictions, particularly counties, in public library development and support are sound objectives. It is important, however, that the basis for any local discretion over state aid is exercised within guidelines and constraints established in accordance with state-wide library service development objectives. More detailed examination of state aid, systems that permit local discretion is required to evaluate any such guidelines and constraints.

A total of 36 states responded to a question on the funding authority and methods used by local governments in providing local funds to support public libraries. The options from which the method description could be selected were: general budget process, fixed real estate tax levy, discretionary grants, or any other method specified by the respondent. Combinations of these methods were reported by many states. With respect to county and municipal jurisdictions, the great majority of states (27) reported the general budget process was used, usually in conjunction with one of the other methods specified. Seventeen states also reported the use of a fixed real estate tax levy as a method for local public library support. Fourteen states reported that school districts share in local public library funding under one

or another of the methods described. In nine states, library districts were reported as having funding responsibility.

Local authority structures and funding methods are complex areas of research. Data gathered in this survey must be viewed as quite limited. It can be stated, however, quite different funding methods are used by county and local jurisdictions, including school and library districts, to provide local public library support. A rather surprisingly large number of states (17) reported the use of a fixed real estate tax levy as a funding method at the local level. This historic method of providing public library support was often designed to insure a continuing basis of support. The traditional lag in real estate tax assessments and their failure to keep pace with rising costs makes this method of providing local support not an unmixed blessing.

V

Impact Of General Revenue Sharing On Public Library Finances
Background and Approach

Introduction

Enactment of the State and Local Fiscal Assistance Act of 1972 added a new dimension to Federal aid. Now, some ten percent of the $60 billion in Federal aid goes out in the form of general revenue sharing with few strings attached and virtually complete flexibility as to how the funds are spent. The states can spend their one-third share of the $ 6 billion general revenue sharing pot as they see fit. Local governments are formally limited in using their two-thirds share to eight priority expenditure categories for operation and maintenance; they can acquire capital facilities and goods for any purpose.

Although categorical grants, such as LSCA, still dominate the Federal grant scene, with the advent of general revenue sharing and block grants such as the Safe Streets Act, the Comprehensive Employment and Training Act (CETA) and the Housing and Community Development Act, Federal aid to state and local governments is slowly, but surely, approaching the three-pronged "balanced" system - categorical aid, block grants and general fiscal support - first envisioned by the Advisory Commission on Intergovernmental Relations in 1967.[1] In light of these developments this evaluation of the effectiveness of Federal funding of

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(1) ACIR, Fiscal Balance in the American Federal System, (Washington, D. C.: Government Printing Office, October 1967), Report A-31, Vol. 1, p. 5.

public libraries must consider both the impact of general revenue sharing on public libraries and the implications of the recently proposed library block grant--the Library Partnership Act. General revenue sharing is considered in this section; the Library Partnership Act, in an earlier section.

There are two reasons why it is essential to assess the true impact of general revenue sharing on public library financing. First, under the original general revenue sharing legislation, "libraries" has been one of the eight priority categories to which local shared revenue for operation and maintenance must be allocated. Thus, the opportunity exists for libraries to obtain financing from this source, and, as will be seen, some public libraries would appear to be receiving shared revenue. Because money is fungible, however, a legitimate question can be raised whether even those libraries that received shared revenue really had more to spend.[1] Moreover, with renewal of revenue sharing, the list of priority categories has been eliminated--precisely because Congress recognized the traceability problem.[2]

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(1) "Fungibility" means simply that once dollars get into the accounts of a government, they cannot be traced and a given amount of shared revenue can simply replace an equal amount of local revenue.

(2) The Act, "State and Local Fiscal Assistance Amendments of 1976," which was signed by the President on October 13, 1976, extends the program through September 30, 1980.

The second reason for assessing the impact of general revenue sharing in the context of this evaluation of Federal funding is overriding: the argument that general revenue sharing would more than replace any losses public libraries might suffer if LSCA were discontinued.

A cursory glance at the revenue sharing figures would appear to support this argument. After all, according to reports submitted to the U.S. Treasury Department by state and local government officials, the amounts of revenue sharing funds allocated to public libraries during fiscal years 1974 and 1975 far exceed the annual appropriations under all titles of LSCA in recent years. Shared revenue allocated to libraries by states and localities amounted to $82 million in 1974 and $95 million in 1975.(1) Of those amounts, the great bulk--$76 million in 1974 and $91 million in 1975--was reported by local governments. The states spent only $6 million in 1974 and $3½ million in 1975 of their revenue sharing entitlements on libraries.

The $76 million allocated to local libraries in I974 was 1.8 percent of the total shared revenue allocated for all purposes that year. This accords fairly well with the place of public libraries in the present scheme of local financing for priority categories--expenditure for public libraries was about 1.6 percent of local expenditure for all priority

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(1) Department of the Treasury, Office of Revenue Sharing, General Revenue Sharing: Reported Uses 1973-1974 (Wash., D.C., Feb., 1975); and Reported Uses of General Revenue Sharing Funds 1974-75 (Wash., D.C., Feb. 1976).

expenditure functions in fiscal 1973-74. Moreover, the $76 million was larger relative to local library expenditure in 1973-74 (about 8 percent) than was the total $4 billion local shared revenue entitlement relative to all expenditure of eligible local governments--counties, municipalities and townships (about 5 percent).[1] Thus, the reported data suggest that libraries have fared somewhat better than other local government programs in obtaining GRS funds.

The need is to get behind these reported figures. On the surface, there is no reason to doubt that the amounts of revenue sharing funds reported to the U.S. Treasury Department as allocated to libraries were actually expended for that purpose. The fact is, however, there is no maintenance of effort provision in the revenue sharing act (State and Local Fiscal Assistance Act of 1972.) It is quite possible, therefore, for revenue sharing funds allocated to any particular function to simply substitute for local financing of that function. In other words, revenue sharing funds for operation and maintenance can be used to maintain the customary level of expenditures and at the same time avoid increasing local taxes to do so. For many fiscally hard-pressed municipalities revenue sharing could be used to avoid or mitigate service cutbacks. In the case of revenue sharing funds allocated for capital outlay, such monies could have been used to avoid or reduce new borrowing.

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(1) These are rough estimates based on national aggregate data in U.S. Bureau of the Census, Governmental Finances 1973-74.

The following sections will attempt to identify and quantify these substitution effects in an effort to determine,first,the overall impact of general revenue sharing on local finances and , second, the extent to whicn GRS funds have had a real impact on public library finance.

The Approach to Determining Real Impact

Concern with the real impact of revenue sharing has been apparent from the inception of the program.

The official reports to the Treasury Department require recipients to check off a number of items regarding substitution effects, but without any quantification. The responses, then, provide only a very general impression regarding the use of shared revenue for tax or borrowing stabilization.

Two other studies have gone into the substitution question quite extensively, but they do not provide specific answers to the question of impact on public library financing.

The Survey Research Center, University of Michigan surveyed all the state governments and a large sample of local governments. The Center asked a series of questions revolving around two basic issues:

1) In the absence of GRS would operating expenditures have been lower during fiscal year 1974(75) (in this jurisdiction)?

2) In the absence of GRS, would capital expenditures have been lower during fiscal year 1974(75) (in this jurisdiction)?

The follow-up questions dealt with the extent to which taxes and/or borrowing would have been increased in the absence of GRS.

The Brookings Institution has been conducting an ongoing "revenue sharing monitoring" study since 1973 in 57 localities and 8 states, using local experts ("Brookings Associates") to assess revenue sharing. Through interviews and by reference to budgets and financial reports, the Brookings Associates attempted to determine the extent to which amounts of shared revenue allocated to each priority function were actually used for new spending.

The Treasury, Michigan and Brookings studies were examined for evidence regarding the overall fiscal impact. Nine of the communities in the Brookings study were also looked at for corroborative evidence concerning our statistical analysis of actual library expenditure data.

Determining the real impact on library finance requires a different approach from either the Michigan or the Brookings studies. The premise is that a comparison of library expenditures for operation and maintenance for the last year before infusion of revenue sharing funds (1971-72) with comparable data for the first year[1] after distribution of GRS funds (1973-74), will yield conclusions showing the real impact of revenue sharing on library finance.

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[1] Because distribution of GRS funds began late in 1972, the FY 1972-73 was rejected for purposes of this analysis.

Ideally, this approach would require such analysis for all 39,000 recipient governments--a task for which resources are not available. It was possible, however, to examine data for all (480) municipalities with populations of more than 50,000 and all (312) counties with populations of 100,000 or more and to select those jurisdictions which, according to their official use reports, allocated at least 5 percent of their shared revenue to public libraries in 1973-74, entirely or substantially for operation and maintenance. A total of 26 municipalities and 22 counties met this criterion.[1] To relate our findings to the Brookings findings, we included three additional municipalities that allocated less than 5 percent. It is significant that these 51 municipalities and counties accounted for about half ($23.6 million) of the $45.5 million shared revenue that was reported as allocated for library operation and maintenance in 1973-74.

The fiscal impact estimate for library operation and maintenance expenditure is based on (1) computing the percent change between 1971-72 and 1973-74 and (2) comparing this with a "normal" percent change for this same period. To the extent the actual percent change exceeds the "norm," the difference is the actual impact, up to the amount of shared revenue that was allocated. If the actual change is less than the "norm," it is presumed that the shared revenue replaced local funds for libraries (which then were used either for other expenditure purposes or for tax stabilization).

(1) Two others that also met this criterion were omitted: Royal Oak, Mich., because 1973-74 Census data were not available; and Lorain, Ohio, which, although it reported allocating $76 thousand (10.3% of its entitlement) to library operations actually expended the money to rehabilitate an old library building for use as a community center.

For purposes of establishing the "normal" increase, the Bureau of Census reported national average--20 percent over the two year period, or an average annual increase of about 10 percent--was applied to library operation and maintenance expenditures.

Overall Fiscal Impact

Official Use Reports

There is evidence in the official Treasury Department reports on the uses of revenue sharing funds that both tax and borrowing stabilization effects occurred. In response to questions on the overall fiscal impact of revenue sharing funds on their taxes, considerable numbers of local governments indicated for 1973-74, that they were able to either: reduce taxes (4 percent of some 42,000[1] responses); prevent tax increases (35 percent); prevent enactment of new taxes (27 percent); and maintain current tax levels (34 percent).[2] In regard to indebtedness, 84 percent of some 13,000[1] responses indicated they were able to avoid some issuance of new debt and 16 percent said they were enabled to reduce some of their outstanding debt by allocating revenue sharing funds to capital outlay.[3] Similar responses were elicited in the Actual Use Reports regarding the 1974-75 revenue sharing entitlements.[4]

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(1) Because each respondent could give more than one response to the questions on tax or debt substitution effects, the number of responses exceeds the number of local governments actually responding to those questions.

(2) Op. cit., 1973-74, p. 43.

(3) Ibid, p. 44.

(4) Op. cit., 1974-75, pp. 34 and 35.

The two previously mentioned independent studies of the impact of revenue sharing on state and local governments provide more precise data on the substitution effect.

University of Michigan Study

The Survey Research Center (SRC) at the University of Michigan conducted a survey of the states and some 800 counties and municipalities, under the auspices of the National Science Foundation, to provide an assessment of the impact of general revenue sharing.[1] This study concludes that less than half as many communities indicated that revenue sharing had a tax stabilization or borrowing stabilization effect than appears from the Treasury Department use reports (Table 10). While about 70 percent of the responses by municipalities and counties on the official use reports for fiscal 1974 indicated some tax stabilization effect, the SRC study estimates that only 29 percent of all municipalities and counties used revenue sharing for that purpose. The highest percentages appear in both studies for municipalities with populations between 100,000 and 300,000. In regard to borrowing stabilization, the SRC study estimated that only 14 percent of the municipalities used shared revenue for that purpose, compared to about double that percentage, as reported to the Treasury.

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[1] National Science Foundation, Research Applied to National Needs, The Economic and Political Impact of General Revenue Sharing (Washington, D.C.: U.S. Government Printing Office, April 1976).

Table 10

Fiscal Impact Estimates from University of Michigan Research Center Survey Responses Compared to Official Use Reports, FY1974 (percentages)

Type of Unit	Weighted Percent Reporting Some:			
	Tax Stabilization		Borrowing Stabilization	
	Survey (Finance Officers)	Use Reports*	Survey (Finance Officers)	Use Reports
Municipalities				
300,000 +	14.1	63.4	1.1	9.9
100,000-299,999	60.9	90.8	18.8	12.0
25,000-99,999	35.4	72.2	17.1	26.6
10,000-24,999	28.7	67.0	12.7	39.7
2,500-9,999	34.1	68.7	23.0	40.5
Under 2,500	22.1	65.4	14.4	38.5
Townships: 9,000 +	33.2	74.7	19.3	42.3
Townships: < 9,000	13.1	58.2	13.5	23.6
Counties				
500,000 +	32.7	70.1	25.2	18.1
100,000-499,999	29.8	78.8	20.4	41.2
Under 100,000	20.3	57.0	9.2	36.3
Total	29.3	69.8	14.2	27.8

*Official Use Report data were obtained from the Office of Revenue Sharing tape.

Source: National Science Foundation, Research Applied to National Needs, Economic and Political Impact of General Revenue Sharing (Washington, D.C.: U.S. Government Printing Office, April 1976), p. 34

Brookings Study

The Brookings Institution has been monitoring general revenue sharing in 56 local governments, one Indian Tribe and eight states. One objective of this effort is to measure the "net fiscal effect" of general revenue sharing on the various priority expenditure categories. This was done by comparing the portion of revenue sharing funds allocated to each category with the portion of revenue sharing funds that was actually spent or budgeted for new capital facilities, for expanded operations and for increased pay and benefits.(1) The estimates of "net fiscal effect" were made by local investigators thoroughly familiar with the accounts and budgets of the communities to which they were assigned.

In analyzing the net fiscal effect of the overall revenue sharing allocation by its sample jurisdictions, Brookings distinguishes three categories of "new spending" and five categories of "substitutions". Depending on how the net effects data are averaged, substitutions accounted for 42.5 percent, on an unweighted basis, and more than two-thirds on a weighted basis, of the amounts the sample jurisdictions allocated out of their first three revenue sharing entitlements (Table 11).

(1) Richard P. Nathan, Allen D. Manvel, Susannah E. Calkins and Associates, Monitoring Revenue Sharing (Washington, D.C.: The Brookings Institution, 1975), Chap. 8.

Table 11

Mean Percentages of Shared Revenues Allocated by the Local Sample Jurisdictions (Brookings Sample), by Type of Net Fiscal Effect

Net Fiscal Effect	Unweighted Mean Percentage	Weighted Mean Percentage
New Spending	57.5	31.4
New capital	46.0	26.5
Expanded operations	10.7	2.9
Increased pay and benefits	0.8	2.0
Substitutions	42.5	68.6
Restoration of federal aid	0.3	0.9
Tax deductions	3.5	7.1
Tax stabilization	13.8	33.3
Program maintenance	12.6	11.8
Avoidance of borrowing	9.5	14.4
Increased fund balance	2.7	1.1
Other	0.1	--

Source: Nathan, Manvel, Calkins and Associates, Monitoring Revenue Sharing, (Washington, D. C.: The Brookings Institution, 1975), pp. 193 and 199.

The unweighted mean, which gives equal weight to all jurisdictions regardless of size, is, in effect, an accounting of revenue sharing decisions; the weighted mean is an accounting of how revenue-sharing dollars are allocated and therefore gives extra weight to the decisions made by the larger jurisdictions. By this latter reckoning, one-third of the revenue sharing dollars allocated by the Brookings-monitored local communities from their first three entitlements went for tax stabilization and almost 15 percent, for borrowing stabilization (avoidance of borrowing).

Impact on Public Libraries

State Revenue Sharing

According to the actual use reports submitted to the Treasury Department, state and local governments allocated $82.3 million of their 1973-74 revenue sharing entitlements to public libraries. Of this amount, $6.3 million was allocated by the state governments and $76 million, by counties and municipalities (including townships).

Only 7 states reported any revenue sharing allocations to public libraries, and of the $6.3 million so allocated by them, $4.5 million was attributed to North Carolina, $1 million to Georgia, and minor amounts, to Colorado, Hawaii, Minnesota, Ohio and Oklahoma.

The questionnaire survey carried out as a part of this study was directed to chief state library officers and elicited

data on state library expenditure by source of financing. Several additional states indicated having expended revenue sharing funds for public libraries. Missouri, for example, reported spending in fiscal 1974, $539 thousand for state aid to local libraries from revenue sharing, while the amount of LSCA funds passed on to local libraries was reduced by a similar amount.

Colorado, according to its GSS survey response also replaced some LSCA funds with revenue sharing. According to the Brookings Institution Associate assigned to Colorado, it has been a matter of policy in Colorado to use revenue sharing as a replacement for reduced categorical grants. Mississippi enacted a new program in 1975, under which it started to distribute shared revenue in the form of project grants for construction and rehabilitation of public library buildings.(1)

Local Revenue Sharing

The $76 million of local shared revenue allocated to public libraries in 1973-74 was 1.8 percent of the total received by localities for that period (Table 12). There was considerable interstate variation in the portion of shared revenue localities allocated for libraries--from 0.2 percent in Indiana to 8.4 percent in Oregon.

Those two states also ranked lowest and highest when shared revenue is related to total local expenditure for public

(1) Mississippi Laws of 1975, H.B. 1101.

libraries--0.6 and 44.5 percent, respectively, compared to a national average of 7.8 percent. Significantly, in Indiana and Ohio, where local libraries are administered predominantly by special library districts and by school districts, the library revenue sharing allocation relative to library expenditure was far the smallest--0.6 percent in Indiana and 2.0 percent in Ohio. Special districts and school districts are not eligible recipients of shared revenue, so that in Indiana and Ohio, and to some extent in Missouri, libraries must depend on local governments to which they have no political attachment to get a piece of the revenue sharing action.

As has been noted, the actual use allocations tell little about the real impact of revenue sharing on libraries--or on any local function, for that matter. The data in Table 12, however, do provide some intuitive indication that there must have been considerable replacement of locally raised funds by shared revenue in the library field. For example, the average 7.8 percent relationship of revenue sharing to local library expenditure comes close to recent average annual increases in total local library expenditure. In 21 states, the ratio of library shared revenue to library expenditure is more than 10 percent and in seven of them, the ratio exceeds 20 percent. It is hardly likely that library expenditure would have been increased by such amounts on top of the regular increases that local taxpayers have tolerated from their own revenue sources.

Table 12

Local General Revenue Sharing Allocated for Local Public Library Expenditures, by State and Region 1973-74

State and Region	Amount ($000)	Percent of Total GRS	Percent of Local Library Expenditure	Local Library Expenditure ($000)
United States	$76,020	1.8	7.8	$971,873
New England:				
Maine	394	1.7	11.3	3,487
New Hampshire	185	1.7	6.9	2,688
Vermont	213	1.8	14.2	1,500
Massachusetts	2,738	2.2	6.8	40,472
Rhode Island	151	0.7	4.0	3,757
Connecticut	1,507	2.6	6.6	22,946
Mideast:				
New York	9,547	1.9	6.1	157,431
New Jersey	1,341	0.9	2.5	53,025
Pennsylvania	7,521	3.6	20.6	36,465
*Delaware	473	4.0	42.5	1,112
*Maryland	2,043	2.0	7.4	27,722
Great Lakes:				
Michigan	2,549	1.5	6.1	42,020
Ohio	1,228	0.7	2.0	60,993
Indiana	157	0.2	0.6	27,706
Illinois	2,388	1.2	4.8	50,267
Wisconsin	2,682	2.4	11.4	23,432
Plains:				
Minnesota	1,250	1.5	6.5	19,103
Iowa	847	1.7	9.0	9,374
Missouri	612	0.8	3.8	16,000
North Dakota	140	0.8	8.5	1,638
South Dakota	140	0.9	5.8	2,391
Nebraska	493	1.6	10.3	4,767
Kansas	471	1.3	5.8	8,066
Southeast:				
*Virginia	1,643	2.2	8.1	20,221
West Virginia	794	2.4	30.0	2,660
*Kentucky	1,060	1.7	19.2	5,522
Tennessee	2,380	2.7	23.1	10,320
North Carolina	2,865	2.7	27.8	10,304
South Carolina	1,029	2.0	17.1	6,002
Georgia	464	0.6	4.2	11,018
*Florida	1,148	1.1	5.6	20,386
*Alabama	1,521	2.1	18.5	8,189
Mississippi	631	1.0	9.2	6,879
Louisiana	1,618	1.8	12.2	13,278
Arkansas	775	1.9	18.2	4,265
Southwest:				
*Oklahoma	465	1.0	5.8	7,955
Texas	4,888	2.4	17.4	28,094
New Mexico	383	1.7	14.9	2,567
*Arizona	725	1.6	8.3	8,787
Rocky Mountain:				
Montana	633	4.3	24.6	2,574
Idaho	202	1.3	8.2	2,460
Wyoming	207	3.2	10.9	1,895
*Colorado	608	1.3	5.5	11,028
Utah	752	2.5	12.0	6,285
Far West:				
*Washington	1,810	3.5	7.7	23,281
Oregon	3,571	8.4	44.5	8,019
Nevada	87	0.8	4.0	2,177
California	6,464	1.5	5.2	124,011
*Alaska	223	4.6	15.9	1,399
Hawaii	--	--	--	--

Source: GRS amounts from data tape of official use reports, 1973-74. Library expenditure data from GSS survey, except for states marked with an asterisk(*) for which data were obtained from the Governments Division, Bureau of the Census.

In response to the GSS survey, a number of states have provided data on the real disposition of shared revenue for libraries. Reporting on all shared revenue allocated to libraries through March 1974, Massachusetts noted:

> "Revenue sharing monies benefitted only sixty-seven of the public libraries. Of those sixty-seven libraries which reported receiving funds, almost fifty percent indicated that this money was merely used to replace previous local support."(1)

According to a Pennsylvania report, of $16.6 million shared revenue allocated to libraries from the inception of the program through fiscal year 1974, $10.8 million--almost two thirds--replaced local funds. The record for 1975 in Pennsylvania, however, appears considerably better--about three-fourths of the shared revenue allocated to 109 libraries was considered to be "new monies."

The number of libraries to which shared revenue is allocated is also indicative of the impact. A 1974 survey of the American Library Association indicated that only 1,370 libraries (14 percent of a total of 9,478) had received some revenue sharing funds.(2) In terms of

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(1) Massachusetts Bureau of Library Extension, "Revenue Sharing in Massachusetts Public Libraries," Publication No. 6979, June 21, 1974.

(2) Statement of Eileen D. Cook, Associate Executive Director, American Library Association, before the Subcommittee on Labor-HEW Appropriations of the House Appropriations Committee, 3/20/75.

recipient governments, 167 municipalities with 1970 populations of 50,000 and over (about one-third of the total number in this size class) reported allocating some shared revenue to libraries; 101 counties with populations of more than 100,000 (also about one-third of the 312 in this size class) reported allocating some shared revenue to libraries.[1]

Impact on Current Operation and Maintenance

To quantify the actual impact of revenue sharing on public library finances requires analyzing data for individual communities that provide library services. As previously described, a fairly accurate estimate of impact can be developed in regard to operation and maintenance expenses by comparing actual library operating expenditures for 1972 with such expenditures for 1974. To the extent that the two-year increase in such expenditure was above normal for any particular community, the incremental gain can be attributed to revenue sharing.[2] The analysis must be limited to operating expenses (i.e., excluding capital outlay) to avoid erratic changes caused by capital expenditures. Moreover, shared revenue amounts allocated to capital outlay in any particular fiscal year are not necessarily expended during that year.

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(1) From ORS Actual Use data tape for 1973-74.

(2) See earlier section of this chapter for a fuller description of methodology.

As stated earlier, a comprehensive GRS impact analysis would require applying this kind of analysis to every one of the 39,000 local recipients of general revenue sharing funds -- an undertaking that is beyond the scope of this study. The screening procedure used in this study identified 51 municipalities and counties which have indicated that they allocated substantial portions of their 1973-74 entitlements to library operation and maintenance. Collectively, these jurisdictions allocated $23.6 million of their 1973-74 entitlements for library operation and maintenance, about half of the $45.5 million so allocated by all local governments (Tables 13 and 14).

Nationally, current operation expenditure of local governments for public libraries rose 20.2 percent between 1971-72 and 1973-74 -- an average annual increase of about 10 percent.[1] Thus, 20 percent was used as the "normal" increase in library operation expenditure for the two-year period. The "GRS effect" figures in the last column of

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(1) Based on published Census data in Governmental Finances in 1974 and 1972 Census of Governments, Vol. 4, No. 5. Unpublished capital outlay figures for those years were drawn from Census records and deducted from published totals to arrive at "current operation expenditure."

Table 13

General Revenue Sharing (GRS) Allocated for Public Library Operation and Maintenance (O&M) in Relation to Local Library Expenditure for Current Operation, Selected Municipalities and Counties, 1973-1974, with 1971-1972 Expenditure Comparison

Jurisdiction	GRS Allocated to Library O&M, 1973-74			Expenditure for Library Current Operation			Estimated GRS Effect* on Library O&M Expenditure ($000) (7)
	Amount ($000) (1)	% of GRS Allocation (2)	% of 1973-74 Library O&M Expenditure (3)	Amount ($000) 1973-74 (4)	Amount ($000) 1971-72 (5)	% Increase or Decrease (-) 1972 - 1974 (6)	
Municipalities:							
*Los Angeles, Cal.	341[1]	0.6[1]	2.0	17,146	13,212	29.8	341
Philadelphia, Pa.	2,603	5.1	21.3	11,152	9,849	13.2	-
*Baltimore City, Md.	410	1.2	6.8	6,032	6,299	-4.2	-
Milwaukee, Wis.	1,070	5.4	19.1	5,609	5,054	11.0	-
*Phoenix, Ariz.	268	2.6	9.2	2,907	1,968	47.7	268
Seattle, Wash.	266[2]	9.7[2]	5.6	4,724	3,815	23.8	146
Spokane, Wash.	251[3]	9.7[3]	25.6	979	999	-1.0	-
*Little Rock, Ark.	150[4]	7.3[4]	40.7	369	313	17.9	-
Smithtown, N. Y.	81	19.1	11.0	738	703	5.0	-
Pasadena, Cal.	123	11.2	8.1	1,527	1,270	20.2	3
Cedar Rapids, Ia.	87	13.8	21.2	410	416	-1.6	-
Duluth, Minn.	61[5]	5.2	10.9	558	368	51.6	61
Cambridge, Mass.	228	7.7	28.2	809	597	35.5	93
Woodbridge, N. J.	154	10.1	15.5	992	818	21.3	10
Arlington, Tex.	173	20.7	34.7	498	383	30.0	38
Pasadena, Tex.	73	8.5	32.9	222	186	19.4	-
Quincy, Mass.	242	8.5	43.6	555	690	-20.4	-
Reading, Pa.	206	9.4	64.5	319	270	18.1	-
*Eugene, Ore.	75[6]	4.2[6]	16.9	445	322	38.2	59
Salem, Ore.	148	5.8	36.6	404	220	83.6	140
New Trier Twp, Ill.	13	14.7	100.0	13[7]	--	N.C.	13
Ontario, Cal.	46	6.5	11.0	417	368	13.3	-
High Point, N. C.	356	15.3	121.5	293	242	21.1	3
Bellevue, Wash.	290	55.3	83.8	346	318	8.8	-
Gadsden, Ala.	168	8.5	91.3	184	169	8.9	-
Brookline, Mass.	93	9.3	10.7	866	735	17.8	-
Arlington, Mass.	162	9.3	30.7	527	471	11.9	-
West Haven, Conn.	242	21.3	100.0	242	215	12.6	-
Shaumberg Twp., Ill.	35	26.2	100.00	35[7]	--	N.C.	35
Subtotal, Municipalities	8,415	XXXX	14.2	59,318	50,270	18.0	1,210

Table 13 (Continued)

Jurisdiction / Counties	GRS Allocated to Library O&M, 1973-74			Expenditure for Library Current Operation			Estimated GRS Effect on Library O&M Expenditure ($000)
	Amount ($000) (1)	% of GRS Allocation (2)	% of 1973-74 Library O&M Expenditure (3)	Amount 1973-74 (4)	($000) 1971-72 (5)	% Increase or Decrease (-) 1972 - 1974 (6)	(7)
Allegheny, Pa.	2,185	14.9	101.2	2,160	2,000	8.0	-
Erie, N. Y.	6,204	33.2	82.0	7,569	5,993	26.3	377
Tarrant, Tex.	159	6.0	86.9	183	181	1.1	-
Multnomah, Oreg.	3,018	34.6	100.0	3,018	2,872	5.1	-
Onondaga, N. Y.	580	8.8	85.3	680	65	946.2	524
Genessee, Mich.	55[8]	4.8	8.4	653	574	13.8	-
New Castle, Del.	382	6.5	79.3	482	290	66.2	134
Lancaster, Pa.	194	8.4	111.5	174	137	27.0	10
Erie, Pa.	190	12.1	106.1	179	132	35.6	21
Ingham, Mich.	100	6.1	39.8	251	254	-1.2	-
Washtenaw, Mich.	120	11.3	70.2	171	188	-9.1	-
Caddo, La.	75	13.0	19.4	386	416	-7.2	-
Dauphin, Pa.	100	6.2	91.7	109	65	67.6	31
Forsyth, N. C.	584	16.1	60.1	972	737	31.9	88
Cambria, Pa.	231	16.0	100.0	231	260	-11.1	-
Jackson, Mich.	92	14.7	33.3	276	104	65.4	92
Blair, Pa.	50	7.7	76.9	65	42	54.8	15
Butler, Pa.	38	5.6	131.0	29	26	11.5	-
Tuscaloosa, Ala.	175	11.8	82.2	213	134	59.0	52
*Harford County, Md.	315	19.6	100.0	315	242	30.2	25
Prince William, Va.	298[9]	13.4[9]	98.3	303	213	42.3	46
Anderson, S. C.	61	9.0	30.0	203	206	-1.5	-
Subtotal, Counties	15,206	XXXX	81.7	18,622	15,131	23.1	1,415
TOTAL	23,621	XXXX	30.3	77,940	65,401	19.2	2,625

NOTE: Municipalities and counties are listed in population-size order. Jurisdictions marked with an asterisk (*) are taken from the Brookings' sample.

N.C. -- Not computed.

[1]Los Angeles allocated $647 thousand (1.1% of its total entitlement) to libraries, of which $306 thousand was for capital outlay.

[2]Seattle allocated $281 thousand (10.2% of its total entitlement) to libraries, of $15 thousand was for capital outlay.

[3]Spokane allocated $266 thousand (10.3% of its total entitlement) to libraries, of which $15 thousand was for capital outlay.

[4]Little Rock allocated $250 thousand (12.2% of its total entitlement) to libraries, of which $100 thousand was for capital outlay.

[5]Duluth allocated $96 thousand (6.1% of its total entitlement) to libraries, of which $35 thousand was for capital outlay.

[6]Eugene allocated $107 thousand (5.9% of its total entitlement) to libraries, of which $32 thousand was for capital outlay.

[7]Grant for library purposes to municipalities located within the township area.

[8]Genessee County allocated $103 thousand (9.9% of its total entitlement) to libraries, of which $48 thousand was for capital outlay.

[9]Prince William County allocated $488 thousand (22.0% of its total entitlement) to libraries, of which $190 thousand was for capital outlay.

SOURCE: Revenue sharing data from official use data tape. Library operation expenditure data from unpublished data made available by the Governments Division, Bureau of the Census.

Table 13 represent the difference between the 1974 expenditure for current operation and the amount that would result from raising the 1972 amount by 20 percent -- up to the amount of revenue sharing actually allocated for library operation and maintenance (Column 1, Table 13).

The data for the 51 jurisdictions listed in Table 13 show clearly the substitution effect of revenue sharing. Only $1,210 thousand -- less than 15 percent of revenue sharing allocated to library operation and maintenance by the 29 municipalities in our sample actually went for increased expenditure. The 22 counties in our sample allocated $15.2 million for library operations (about two-thirds of the $23 million so allocated by all counties, but only $1,415 thousand (9.3 percent) went for increased spending. For all 51 municipalities and counties analyzed in Table 13, only $2.6 million could be attributed to increased library operation and maintenance expenditure -- only 11 percent of the $23.6 million of the revenue sharing entitlements allocated by those governments to library operation and maintenance expenditure. The remaining $21 million simply offset local (or state and federal) funds that might otherwise have gone to library operations.

The most obvious cases of substitution are those communities, including almost all of the counties, where the revenue sharing allocation for library operations was a tremendous portion of library operation expenditure for 1974. In nine

of the communities the revenue sharing allocation actually equalled or exceeded current operation expenditure for 1974, yet only in High Point, North Carolina, Harford County, Maryland, and Erie and Lancaster Counties, Pennsylvania was there any apparent increase in library operation expenditure -- and the increases were minimal.[1]

The two Illinois townships in Table 13 (Shaumberg and New Trier) do not themselves operate libraries. Instead, they chose to share substantial portions of their shared revenue entitlements with municipal libraries located within their geographic boundaries. A number of other townships in Illinois have used portions of their subsequent entitlements (5th, 6th, and 7th entitlements) in a similar manner. Some, like Worth Township (in the Chicago metropolitan area), distribute shared revenue to libraries on a per capita basis.[2] Townships obtained broadened spending authority from the Illinois legislative to enable them to do this.

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(1) In four Pennsylvania counties, the amount of shared revenue allocated to library operation and maintenance exceeded the amount of library O & M expenditure reported by Census for 1973-74 because the two amounts relate to different fiscal periods. While the shared revenue amounts are for the period July 1, 1973-June 30, 1974, the expenditure amounts in those counties are for their fiscal periods that correspond to the calendar year 1973 (i.e., ending Dec. 31, 1973). In the case of High Point, North Carolina, which has a July 1, 1973-June 30, 1974 fiscal year (corresponding to the shared revenue fiscal period), we can only conclude that only a portion of the $356 thousand reported as allocated for library O & M was actually spent for that purpose (some may have been spent for capital outlay).

(2) Suburban Library System News (Burr Ridge, Ill. 60521), Vol. 10, No. 4, May 1976.

The 51 municipalities covered by this analysis are among the larger ones -- municipalities and townships with populations over 50,000, and counties, over 100,000. The extent to which the largest communities tend to substitute revenue sharing funds for their own revenue sources is no indication of the situation in smaller communities. It is generally the large cities and counties that face fiscal problems, and the more critical the situation, the more likely that revenue sharing is absorbed into the community's budget. Still, as has been noted, the 51 municipalities and counties on our sample account for about half of the shared revenue allocated to library operation and maintenance expenditure.

The Brookings Study provides some corroboration of our findings in regard to the extensive substitution effect of shared revenue allocated to library operation and maintenance expenditure.

Only 18 of the localities in the Brookings sample indicated that they allocated some of their 1974 (4th entitlement) revenue sharing funds to libraries, and of these, nine of the larger communities said they used substantial amounts for that purpose.[1] Of those nine, only two -- Phoenix and Eugene -- actually reported any "net fiscal effect", as defined above, from revenue sharing and only Phoenix showed a larger net fiscal effect than its actual use percentage (Table 15). Although Harford County, Maryland appears to have used some of its revenue sharing funds for library construction, according to the Brookings study, the amount it reported in its actual use report went to maintain its current service level.

Jacksonville, Florida is an interesting case. In its actual use report for 1973-74 it reported allocating all of its revenue sharing ($4.2 million) to capital outlay, including only $500 for public libraries. (According to the Brookings researcher, however, Jacksonville allocated $858 thousand to library capital outlay -- about 20 percent of its 1973-74 entitlement.) Apparently Jacksonville's municipal electric plant ordinarily derives sufficient net income from its operations to contribute substantial amounts to the city's operating budget. However, because of the tremendous increase in the cost of fuel (the 1974

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[1] See earlier section for a description of the Brookings methodology.

Table 15

Comparison of Revenue Sharing Allocations to Libraries (Actual Use Reports) and New Spending for Libraries from Revenue Sharing (Net Fiscal Effect Brookings Field Research Estimates), 1973-1974, 9 Communities

Community	Actual Use Percentage	Brookings Net Fiscal Effect Percentage
Phoenix, Ariz.	2.6%	4.7%
Little Rock, Ark.	12.2	--
Los Angeles, Calif.	1.1	--
Jacksonville, Fla.	20.5	--
Baton Rouge, La.	4.7	--
Baltimore City, Md.	1.2	--
Harford County, Md.	19.6	*
Hamilton County, Ohio	11.0	--
Eugene, Ore.	5.8	3.1

*All new capital expenditure from revenue sharing, but no breakdown available. Some of the capital outlay reported for fiscal 1974 ($537 thousand) was for libraries. It should be noted, however, that the amount reported as being allocated for libraries on the actual use report ($315 thousand), was purportedly for operation and maintenance.

Source: The Brookings Institution, unpublished data from the revenue sharing monitoring project.

energy crunch), the contribution was reduced drastically. To offset this revenue loss, the entire $858 thousand of general revenue sharing was used for the general operating budget. This, of course, is an example of how a community faced with a fiscal crisis can use general revenue sharing to help avert disaster!

Six of the communities listed in Table 13 are also included on the Brookings sample (see Table 14).[1] As has been noted, according to the Brookings analysis, only Phoenix and Eugene evidenced a net fiscal effect for libraries. Our analysis is consistent with those findings: the entire $268 thousand allocated by Phoenix appears to have gone for increased library operation and maintenance expenditure, as did a portion of Eugene's allocation. However, unlike the Brookings analysis, ours indicated that the small amount of Los Angeles' allocation for library operations and part of Harford County's, also went to increase those communities' current expenditure for libraries. In all, almost half of the total allocated by the six Brookings communities to library operation and maintenance appears to have been devoted to expanding library operations.[2]

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[1] These six communities are identified in Table 13 with an asterisk (*). Three communities are omitted from Table 13 because they allocated revenue sharing for library capital outlay, according to their official use reports -- Jacksonville, Baton Rouge and Hamilton County.

[2] One might conjecture that the mere fact a community is monitored by Brookings makes the community leadership particularly responsive to service needs and prone to use more of their revenue sharing entitlements for enhancement.

Impact on capital outlay

About 40 percent of the $76 million shared revenue allocated to libraries in 1973-74 -- $30.5 million -- was designated for capital outlay (see Table 14). How much of this actually went for the construction of new facilities and the purchase of new equipment that would not have been acquired otherwise? How much was used to avoid borrowing?

Available data differ considerably on the extent that shared revenue is used to avoid borrowing. Treasury figures indicate a rather high degree of such use; the Michigan study and Brookings, a much lower one. It will be recalled that, of 13,000 responses to the debt question in the official use reports, 84 percent indicated revenue sharing enabled them to avoid some borrowing. This was converted by the Michigan study to a weighted 27.8 percent of total shared revenue, in contrast to a weighted 14.2 percent found by the Michigan Study (see Table 10). The Brookings study estimated a weighted 14.9 percent for borrowing avoidance (see Table 11), but this was heavily affected by New York City (which did not report any allocation of shared revenue for libraries).

Applying a conservative 15 percent to the total allocation for libraries ($76 million) would indicate that $10 to $11 million was used to avoid borrowing. This is about one-third of the $30.5 million shared revenue allocated to libraries for capital outlay.

According to unpublished Bureau of the Census data, local governments spent about $120 million for library capital outlay in 1973-74, three-fourths of which was for new construction (about $90 million). Undoubtedly some portion of the $90 million for library facilities was financed by borrowing, but no data are readily available specifically on borrowing for library construction.

Municipalities applied $18.1 million, or 44.5 percent of their library shared revenue, to capital outlay; counties applied $12.4 million, or 35.2 percent of their library shared revenue to capital outlay (Table 16). It is safe to assume that the smallest municipalities and counties would have used the amounts allocated for capital outlay to purchase equipment and to do some major repair work in established library buildings. Indeed, it is the smaller communities that allocated the largest proportion of their library shared revenue for capital outlay. Municipalities with less than 25,000 population allocated 54.4 percent ($7.6 million) to outlays, compared with 44.5 percent for all municipalities. Counties in the same size class allocated 57.2 percent ($2.9 million) to outlay, compared with 35.2 percent for all counties.

Table 16

General Revenue Sharing Allocated to Public Libraries
by local Governments, by Population Size Class, 1973-1974

Population size class	Municipalities (including Townships)				Counties			
	GRS allocated to libraries ($000)	Percent of total GRS allocation	Percent for capital outlay	Percent for operation and maintenance	GRS allocated to libraries ($000)	Percent of total GRS allocation	Percent for capital outlay	Percent for operation and maintenance
less than 2,500	$ 1,969	11.3	63.9	36.1	$ 47	4.1	69.6	30.4
2,500 - 4,999	1,935	9.2	54.1	45.9	254	8.6	83.4	16.6
5,000 - 9,999	3,018	7.8	52.9	47.1	881	5.1	45.7	54.3
10,000 - 24,999	7,073	8.9	52.6	47.4	3,920	5.7	57.9	42.1
less than 25,000	13,995	9.4	54.4	45.6	5,102	5.7	57.2	42.8
25,000 - 49,999	5,352	6.3	41.5	58.5	2,746	4.7	59.2	40.8
50,000 - 99,999	6,703	6.2	46.4	53.6	3,693	5.4	51.5	48.5
100,000 - 249,999	4,762	3.6	62.0	38.0	6,610	7.2	53.2	46.8
250,000 - 499,999	2,061	1.9	50.9	49.1	2,845	3.2	27.7	72.3
500,000 - 999,999	3,845	2.0	20.5	79.5	5,499	6.6	31.0	69.0
1,000,000 and over	3,856	2.2	7.9	92.1	8,942	8.2	--1/	100.0
Total	40,574	4.2	44.5	55.5	35,437	6.0	35.2	64.8

NOTE: Covers only those municipalities, townships and counties that allocated some of their GRS funds to public libraries.

1/ : Less than 0.05 percent.

Source: Computer printout of Treasury Actual-Use data for Fourth Entitlement (1973-74).

Most or all of the $10.5 million allocated to capital outlay by municipalities and counties with fewer than 25,000 inhabitants can be considered as new spending rather than for borrowing avoidance. Few places below 25,000 population borrow, and when they do, they borrow small sums from their local bankers. They seldom issue bonds on the money markets. The fact is, of all municipal indebtedness outstanding in 1972 ($52.6 billion) only about 20 percent had been issued by the numerous municipalities of less than 25,000 population (over 95 percent of all municipalities have fewer than 25,000 inhabitants)[1] Of all county indebtedness outstanding in 1972 ($14 billion) only 6.7 percent had been issued by counties with fewer than 25,000 inhabitants (three-fifths of all counties have fewer than 25,000 inhabitants).[2]

The $10-11 million we estimate as substituting for debt issuance would, then, be attributed to the $20 million of shared revenue that was applied to capital outlay by the larger municipalities and counties (those over 25,000 population). It is reasonable to assume that this occurred in a credit crunch situation that the municipal bond market experienced during 1973-75 along with the rest of the economy.

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(1) U.S. Bureau of the Census, 1972 Census of Governments, Vol. 4, No. 4, pp. 36-37.

(2) U.S. Bureau of the Census, 1972 Census of Governments, Vol. 4, No. 3, p. 21.

This tendency was undoubtedly fortified in the library area, where Federal construction funds under Title II of LSCA dried up completely after 1973.

Conclusions

Our analysis of the data leads to the conclusion that no more than one-third to one-half of the $76 million allocated by municipalities and counties to public libraries resulted in increased library expenditure. In many places revenue sharing funds undoubtedly resulted in the avoidance of service cut-backs that might have been forced in the absence of such funds. Some of the larger communities were able to acquire planned new facilities without having to borrow at excessive interest rates.

Despite the significant substitutional effects, however, revenue sharing has helped libraries - as, indeed, it has helped local governments generally - to weather a period of fiscal difficulty. It is significant that shared revenue allocated to the public library function in 1973-74 was almost 8 percent of that year's total local expenditure for that purpose - and in many states the percentage was considerably higher.

This finding is not as surprising as it appears. The library function is rather low in the priority scheme of the local political structure. In community after community, faced with budgetary constraints and the need to hold down property tax increases, libraries have been among the first candidates for retrenchment. The initial inclination of local governing bodies has been to avoid cutting back where the immediate impact would be dramatic - police and fire services, trash and garbage collection, social services and the like.

It is quite apparent, however, that in some communities where libraries might have been slated for drastic budgetary cutbacks the politicians perceived possible serious repercussions. Supporters of public library services include all segments of the population and they can be mobilized to wield considerable political clout. Thus, in many communities faced with library service cutbacks, pressure was exerted on the dispensers of shared revenue to offset the impending withdrawal of property tax revenue.

The fact that revenue sharing assistance to libraries has been spotty cannot be overlooked. The reality is that the great majority of local libraries have not participated in the revenue-sharing largesse, and the great majority of municipalities and counties have not allocated a portion of their shared revenue to libraries. Especially those local

libraries that are organized independently of general local governments, and are therefore not eligible direct recipients of shared revenue (as in Indiana and Ohio), have received minimal amounts.

Revenue sharing is here to stay--at least through September 30, 1980. The program which was to have expired on December 31st, 1976, has been renewed, effective January 1, 1977. Even though the priority categories have been eliminated the present pattern of use may well continue, but the hearing and budgetary procedures will be strengthened. The library community must come to the realization that, with well organized efforts it can obtain its share of the pot - even if only as a means of avoiding service cutbacks. The library community must also come to the realization that any continuation of LSCA must take account of the move toward the use of shared revenue and block grants as complementary parts of a total federal grant system.

VI

Summary of Findings and Recommendations

Introduction

When this study was commissioned in January 1976, there were more than vague concerns over the then scheduled termination of the Library Services and Construction Act (LSCA) and the General Revenue Sharing (GRS) programs, the National Commission on Libraries and Information Science had just completed its work on outlining a national program, and a statute (P.S. 93-568) authorizing a White House Conference on Libraries and Information Services was enacted, but without the appropriation of the necessary funds.

The scene has changed markedly during the period of the study. Early in October, 1976 LSCA was funded for FY1977 at a level some 17 percent above FY1976, the General Revenue Sharing Program has been continued until 1980, the NCLIS Report: "Toward A National Program for Libraries and Information Services", has been widely distributed and discussed, and there is firm commitment for funding the White House Conference and to provide assistance for preparatory conferences to be held in each state.

For those with general or special interest in the public library field, these events of the past year may be uplifting and hold promise of a bright future. For those acquainted with the vagaries and hard facts of public library finance issues, these recent events do not provide basic solutions to continuing fiscal support problems. Moreover, a different, perhaps more realistic, reading of the events from the viewpoint

of public library finance could be as follows: (1) LSCA funding was a little noticed piece of a massive Department of Labor-HEW appropriations bill that was passed in the waning hours of the 94th Congress over a Presidential veto; (2) GRS renewal had long been predicted and, as a matter of fact, is an event more related to the upcoming Presidential election than to public library fiscal support needs; (3) the NCLIS report on the national program is aptly entitled "Toward a National Program for Libraries and Information Services" and contains a statement that there is now no such national program; and (4) the White House Conference is as yet a future opportunity for library service improvement. The event will require skillful planning and preparation, as soon as funding is made available.

What should be recognized both by those buoyed by optimism and those who see only the unresolved problems of public library finance is that the time is propitious to address these problems directly and to seek consensus around definitive, long-range solutions. The required extension of LSCA by September 30, 1977, in its present or a revised form, can be a focal point for the planning and definition of long-range goals.

This study offers recommendations for changes designed to improve the effectiveness of the present Federal fiscal support system. The recommendations are not in legislative language, but enactment of a strengthened system is the goal. The first step toward that objective is a review of study findings by not only NCLIS, but all organizations and members of the library community, government officials and outside observers.

General Findings and Conclusion

The perspective and scope of this analysis of Federal funding of the public library include: (1) the 20 year history of LSA-LSCA funding in terms of the stated purpose of those systems and the impact they have had on state and local funding activities; (2) the enactment and performance of general revenue sharing as a substitute for many categorical funding programs, including LSCA; and (3) an attempted redefinition of a Federal funding role under an alternative funding method, proposed as the Federal Partnership Act.

The general conclusion is that the Federal funding effort under LSCA and the general revenue sharing program has been only moderately effective in assuring the development of public library services throughout the nation adequate to meet present and future needs.

Much has been accomplished under existing programs to stimulate and sustain the public library as a vital, community-based informational and educational institution. However, major gaps in services still exist - particularly in rural and many urban communities. The fiscal problems of cities are thwarting needed development of public library services. New technologies are increasingly available to augment accessibility and use of library resources and should be further utilized. The present intergovernmental funding of public libraries is grossly out of balance, a disproportionately heavy support burden is carried by local governments. State funding needs to be increased in many states, and state funding systems need to be improved.

On the positive side:

- there are some 9,000 to 10,000 public library units providing a wide range of library and information services
- total expenditures for public library services exceeded the $1 billion mark in 1975, reflecting almost a 1/3 increase over 1972 - a period that featured inflation, high costs, and increasing local fiscal distress (See Table 4A)
- states have accepted and moved to implement their responsibilities for the comprehensive planning vital to the strategic development of public library services;
- states have increased, modestly at least, their share of local public library expenditures and have developed a wide range of aid and grant systems to assist local public library development. (See Table 5)
- an increasing number of library networks and regional library systems are emerging with technical services designed to augment and supplement local library services
- local jurisdictions, the level hit hardest by recent governmental fiscal distress, have continued to allocate funds in amounts representing the major share of public library costs (See Table 5)
- definitive national goals for the development of library and information services have been enunciated by NCLIS as a vital part of a national program; movement toward these goals has begun.

Other signs and portents could be listed to show the public library as a live institution changing to meet present day demands, and demonstrating the ability to sustain the funding commitment of governmental jurisdictions at state and local levels.

The negative findings of the analysis, summarized below, tips the scale in that direction and support the descriptive term "moderately" in the overall conclusion assessing the impact of LSCA and GRS.

(1) Using public library per capita expenditures as indicators, analysis shows that there are gross disparities in library service offerings at the local level. Per capita expenditures range from less than $1.00 to over $15.00, against a median of $3.28. This disparity is most marked as between the 139 million citizens living inside SMSA's and the 64 million living in more rural areas. The average per capita expenditures of SMSA residents was $6.61 in 1974 compared to $3.01 in rural areas. (See Tables 1 and 2) Available data do not permit further breakdown of per capita expenditures within SMSA's, but it is known generally that tax capacity to support services is increasing in suburban communities and decreasing in core cities, especially large urban centers. Buttressing the overall finding of library service disparities is the result of a recent national survey made by the American Library Association. According to survey responses, chief state library officers estimated there were in 1976 over 9 million (4.4 percent) people without any library service, 175 million (83.3 percent) with inadequate service, and only 26 million (12.3 percent) with adequate service.

(2) While expenditures for public libraries increased during the period 1967-1974, the increase was far smaller than

increases for other state and locally financed services (schools, health, police and recreation) The average annual rate of increase for libraries compared unfavorably to increases for the other services. Moreover, public libraries expenditures represented only a miniscule portion (.55 percent) of combined expenditures for this group of services in 1967 and this percentage was even lower (.48 percent) in 1974. (See Table 3). This finding indicates that public libraries are not doing well in the increasing competition for the local and state tax dollar.

(3) It is apparent that the bulk of the increase in public library expenditures fell on local government and sustained its disproportionately heavy share of public library costs. On a state-by-state basis, public library expenditures increased in almost all states between 1972 and 1975. Size of the increases ranged widely among states - from 1 to 50 percent in a varying pattern. About half the states reporting indicated increases from 1-15 percent, and the other half reported increases between 16 and 50 percent. The analysis indicates a slowdown in expenditure increases between 1974 and 1975. (See Table 4)

(4) The percent distribution of public library costs is thus nowhere near a balanced intergovernmental funding system

recommended in earlier studies. The overwhelming portion of the costs still falls on local government and any relief afforded by the slight increase in the state share is almost imperceptible. Nationally, the states' share of public library expenditures increased slightly from 10.8 percent in 1972 to 12.9 percent in 1975. The Federal share dropped from 5.8 percent to 5.0 percent, and the local share moved only slightly from 83.4 to 82.1 percent during the same period. In 1975, the local share of public library costs was 70 percent or more in 29 states - down 3 from 1972. The number of states reporting a local share of 80 percent or more was 18 in 1975 - down 5 from 1972. In states for which data were available, the state share of these expenditures increased in 29 states and decreased in 10, between 1972-1975. The Federal share decreased in 28 of the 40 states for which data were available. In 24 of these states the Federal share was less than 10 percent and in 35 states, less than 15 percent. Federal share percentages are higher in the more rural states. On a regional basis the Federal share declined in six of eight continental regions. Only the Southeast and Rocky Mountain Regions showed slight increases. (See Tables 5 and 5A)

(5) There is a wide disparity in level of service, as measured by public library expenditure, among states and regions. Per capita expenditures vary greatly and so do expenditures

related to income. Expenditures related to income declined significantly between 1972 and 1975. Per capita expeditures for library services increased on a national basis from $4.38 in 1972 to $5.83 in 1975. This significant increase is contrasted with a decline in expenditures per $1,000 of personal income from $1.05 in 1972 to $.97 in 1975. Among the states, expenditures per capita in 1975 ranged from $2.31 to $9.73. Of 40 states reporting, four had per capita expenditures between $2.00 and $2.99, 17 were between $3.00 and $5.00 and 19 were between $5.00 and $10.00. This disparity in service levels among states was also reflected regionally in 1975. Per capita expenditures ranged from $3.01 in the Southeast Region (12 states) to $7.58 in the New England Region (6 states).

Service disparities, in terms of effort related to overall fiscal capacity, also exist among states and regions. Expenditures per $1,000 of personal income among states in 1975 ranged from $.51 to $1.47, a difference of almost 200 percent. In 26 of 40 states, expenditures related to income ranged between $.51 and $.98. The figure was above this level, but below $1.47, in the remaining 14 states. Between 1972 and 1975, 24 of 40 states had a decrease in public library expenditures per $1,000 personal income. Regional expenditures related to income in 1975 ranged from $.57 in the Southwest Region (4 states) to $1.27 in the New England Region (6 states). Expenditures

related to income decreased in all regions except one (Southeast) between 1972 and 1975, (See Tables 6 and 6A)

(6) State-aid payments for public library services are not keeping pace with the total of state payments to local government, and the gap is widening. In 1967, state aid to public libraries was .33 percent of all state aid. This figure declined to .22 percent in 1974. The average annual increase in state payments to libraries between 1967-1972 was 7.8 percent compared to 14.1 percent for all state payments. From 1972-74, the library figure had slowed to 4.7 percent, compared to 11.8 percent for all state payments. (See Table 7)

(7) It is clear that LSCA has been an important stimulus of library service development in states and localities over the past two decades. It is equally clear that, in its present form, it is a deficient mechanism for the distribution of Federal funds and a weak instrument of Federal policy with respect to library services development. Major deficiencies of the LSCA program include the following:

- the level of funding has seldom been in accord with stated goals and objectives;

- it is an unstable source of funding in that amounts for distribution have varied widely over the years, it lacks any provision for forward funding, and, with the advent of GRS,

efforts have been made to eliminate LSCA as a categorical funding program;

- it is a loosely organized funding program consisting of four titles, two of which (Construction and Older Readers Services) have not been funded since 1973, providing general operational and maintenance funds, as well as funds for specific targets;

- it is a funding program lacking an adequate administrative structure and the essential Federal guidelines, technical assistance and monitoring to assist states in making effective use of available Federal funds;

- the state plan device, required under LSCA, has not been used effectively as a basis for channeling Federal and state funds to achieve national goals; there is too little effective review and monitoring of Federal fund utilization in conjunction with state comprehensive plans for library service development, and

- because of the low funding levels and the fragmentation of funding under various titles, amounts distributed to states are so small as to preclude effective use for the strategic development of state-wide services.

(8) Under the stimulus of LSCA and state interest in public library development, a whole variety of state public library aid programs have been established. There are, nonetheless, some states which have no fiscal assistance programs for public library service development. In many other states, the aid program is not based on statutes but is implemented through administrative regulation and discretionary grants. By and large, the overwhelming proportion of Federal and state funds distributed through state-aid programs do not reflect adequately differential need for public library services, or differential capacity to support such services.

(9) The general revenue sharing program has proven to be an effective device for the re-distribution of Federal tax revenues, but it is not an effective substitute for a program of fiscal aid to assist the progressive development of public library services for all citizens. Of the total GRS payments to local governments in 1973-74, only 1.8 percent ($76 million) was allocated for public library capital and operating expenses. The analysis indicates that no more than 1/3 to 1/2 of this $76 million resulted in increased expenditures for public library services. The remaining 1/2 to 2/3 of these funds was used to replace local tax dollars previously used for this purpose. In view of the disproportionate share of public library costs borne by local governments, the

substitutional effect may be desirable; but GRS funds have not provided sufficient additional funds for the progressive development of public library services in accordance with a national plan. The recent reenactment of GRS contains no identification of priority uses, and therefore libraries will lose a previously held advantage.

Design for an Improved Federal Funding System for Public Libraries

The basic recommendation of this report is that the Library Services and Construction Act be revised and strengthened to be a more effective instrument of a Federal policy designed to assist states and localities in the development and equitable distribution of public library and information services as part of a national plan. This conception is based on a redefinition of Federal policy for public libraries targeted specifically on the prioritized expansion of library services in areas that are unserved or grossly underserved. A second related target for these funds is to expand further the development of operating linkages and networks to augment and supplement the services of existing libraries and library systems.

The name of the proposed new act might be called the Library and Information Services Development Act and it should implement a sharply focussed Federal policy with the objective of creating a balanced intergovernmental funding system for the development of adequate public library and information services throughout the nation. The proposed act should call for an elevated level of Federal funding required to achieve specific developmental

goals. Estimation of total development costs and the yearly Federal share in the funding of such costs should be derived from the national inventory of library needs now being completed by NCLIS. The program envisioned is one in which Federal, state and local governments join in the support of a common effort focussed on development objectives defined in accordance with a national plan and specifically targeted state plans. The program should include specific provisions to insure Federal monitoring of the utilization of Federal funds, and to provide guidelines and assistance for states in developing and implementing state plans for which Federal funds are used, as well as to stimulate higher levels of state funding for existing and expanded services.

The proposed act should provide for distribution of Federal funds to achieve two basic sub-objectives: (1) the extension and up-grading of public library services in accordance with defined criteria of relative need for services and relative fiscal ability to support such services among states and among areas within states; and (2) the development and/or expansion of cooperative systems and network linkages not only among public libraries, but also between public libraries and all other types of libraries and information services. Emphasis in the use of Federal funds under the new act should be assigned to the first of the sub-objectives cited above. State matching, under varying rates, should be required under both funding components. The act should provide for advance funding of programs and projects in accordance with approved state plans.

State matching requirements should specify the use of state revenue sources and exclude the use of local funds for this purpose. The amount of Federal funds which could be used for state administration purpose should be limited. The ratio of Federal to state dollars should be higher under the first of the two components in order to reflect a higher priority on the extension and up-grading of essential library services. Highest priority should be assigned the extension and up-grading of services in rural and urban areas.

All states should be eligible for funds under the act and the allocations should be determined for each state in accordance with uniformly applied factors reflecting relative need for extension and development of library services, and fiscal capacity to support such services(1). Payments to states should be based on specific state-authorized plans for the distribution and utilization of these funds in accordance with Federal guidelines. Transferability of state allocations between the two program components should be controlled on the basis, of defined criteria. Unused allocations made available for any state should revert to the national fund for distribution to other states in accordance with established criteria of need and fiscal ability.

The plan requirement cited above in connection with state eligibility should be based on state comprehensive plans, but it should also specifically describe the ways in which Federal funds will be utilized. Authorization of state plans by the

(1) For a new index to assist in determining state fiscal capacity, see Appendix.

responsible state officer should represent a commitment to use state funds in plan implementation. Actual use reports should be required for monitoring purposes. Guidelines under which state plans are prepared should specify, for each project, a declining level of Federal support over a specified time period. Guidelines should also specify and require an adequate and continuing basis of state-local fiscal support for the expanded services.

The act should include a strong and definitive section addressed to providing adequate administration and monitoring of Federal fund utilization in accordance with a national plan. In this connection, a strengthened and perhaps elevated locus of authority for Federal fund administration and oversight will be required. The unit should be adequately staffed to provide limited high level technical assistance to states in planning and implementing the expansion and development of library services and the utilization of Federal funds.

Appendix

State Index of Fiscal Capacity*

A new measure of state-local fiscal stress has recently been developed by staff members of the Advisory Commission on Intergovernmental Relations (ACIR), which makes it possible to rank the states according to their "fiscal blood pressure." This measure takes into account not only a state's current fiscal (tax) effort but also the trend of its fiscal (tax) effort over time.[1]

The simplest and most readily available measure of tax effort is the ratio between a state's and its local governments' tax collections and the aggregate income of its residents. Resident income is used as a measure of tax capacity (the tax base). Because taxes are not levied entirely on income, however, this measure presents some problems. For example, it understates the taxable base of mineral-rich states and of tourism states, as well as property-rich farm states. It overstates the base of the states with obsolescent industrial plants--mostly in the Northeast and Midwest.

To overcome these shortcomings, the ACIR staff has adjusted personal income data to take account of fiscal capacity estimates based on the yield of a state's tax system

*Material for this Appendix was taken from a soon to be published report: Legal, Functional, and Fiscal Support Relationships Between Public Libraries and Public Education, prepared for the Urban Libraries Council by Government Studies & Systems.

[1]John Ross and John Shannon, Measuring the Fiscal "Blood Pressure" of the States: Some Warning Signs for our Federal System and Alternative Prescriptions. (Paper presented at the Conference on State and Local Finance, the University of Oklahoma, Norman, Oklahoma, October 15, 1976.

TABLE 1

A TWO DIMENSIONAL FISCAL PRESSURE INDEX USING ADJUSTED RESIDENT PERSONAL[1/] INCOME TO ESTIMATE FISCAL CAPACITY

(INDEXED ON MEDIAN)
1964-1974

High and Falling			High and Rising		
Wisconsin	132*/87**	(64.6)	New York	169/477	(48.1)
Hawaii	125/62	(78.0)	Massachusetts	145/346	(46.8)
Vermont	122/55	(56.8)	Rhode Island	126/281	(58.5)
Washington	109/98	(64.9)	Maine	126/260	(61.0)
Utah	104/86	(65.4)	California	126/232	(52.0)
Arizona	101/21	(64.1)	Minnesota	125/142	(68.3)
Colorado	101/-13	(54.2)	Michigan	123/278	(55.8)
Iowa	100/3	(58.0)	Maryland	122/329	(58.0)
			Pennsylvania	118/292	(62.9)
			Illinois	114/374	(54.2)
			New Jersey	114/316	(39.6)
			Connecticut	113/224	(49.1)
			Mississippi	107/175	(76.2)
			District of Columbia	105/426	--
			South Carolina	102/195	(76.2)
			Indiana	102/115	(60.2)
			Delaware	101/338	(79.9)
Low and Falling			**Low and Rising**		
Kansas	99/31	(56.7)	Virginia	100/346	(59.5)
New Mexico	98/93	(82.7)	West Virginia	100/116	(77.3)
Oregon	98/55	(54.6)	Missouri	96/213	(47.9)
North Carolina	96/99	(66.5)	Ohio	94/168	(49.2)
Louisiana	96/34	(71.2)	Kentucky	94/171	(76.0)
Montana	95/43	(50.8)	Nebraska	90/211	(47.6)
Idaho	94/20	(68.8)	Nevada	90/149	(58.5)
South Dakota	94/-117	(46.1)	Arkansas	82/120	(76.1)
Georgia	93/100	(61.9)			
Alabama	90/84	(74.1)			
Tennessee	80/35	(53.8)			
North Dakota	86/-190	(67.7)			
Texas	85/64	(57.7)			
Florida	84/90	(64.1)			
Wyoming	82/70	(54.7)			
Oklahoma	80/15	(67.6)			
Alaska	81/-172	(68.4)			
New Hampshire	78/-30	(40.1)			

Source: See Footnote p.A-1. Parenthetic numbers added (data from Bureau of the Census, Governmental Finances in 1974-75).

* Fiscal pressure for 1974.

**The change is from 1964-74. Source: ACIR staff estimates based on U.S. Department of Commerce, Office of Business Economics, Survey of Current Business, various years; and U.S. Bureau of the Census, Governmental Finances, various years.

1/ Adjusted resident personal income is explained in App. B of the Ross/Shannon paper. Numbers in parentheses represent the state percentage share of state-local tax collections in 1974-75. U.S. average = 56.7%.

that makes average use of all its taxable resources. Table 1 presents the results of this set of estimates by dividing the states into four groups based on their "fiscal blood pressure." The 17 states in the upper right-hand quadrant (those with both a high current fiscal effort and a rising fiscal effort relative to national averages) are under the greatest fiscal stress. The 18 states in the lower left-hand quadrant ("low and falling") are in relatively good fiscal condition. Thus New York, with a fiscal "blood pressure" of 169/477 is in dire fiscal straits--a fact that has been highly publicized in recent months. New Hampshire, which has made a fetish of keeping taxes (and government services) low, has a low fiscal "blood pressure" of 78/-30 - that is, its current fiscal effort is 78% of the national average and its fiscal effort actually has been falling relative to the national trend.

To provide some notion as to the locus of the fiscal pressures or lack of them - state vs. local - added in parentheses is each state's percentage of state-local tax collections. By this measure, two-thirds of the states in the "low and falling" group raise an above-average portion of state-local taxes at the state level. Many of them are "sunbelt" states, which are gaining population and drawing industry at the expense of the Northeastern and Midwestern states, many of which are in the "high and rising" quadrant. A number of the states in the "low and falling" quadrant, where the state government tax share is high, are also among

those that already finance an above-average proportion of both school and library costs (e.g., N.M., N.C., Ga. and Ala.). Such states could presumably afford to raise their school and library expenditures at either the state or the local government levels. Those states in the "low and falling" quadrant with average or below-average state shares could readily increase state-level taxes to bolster state support for schools and libraries (e.g., Kan., Ore., Mont., S.D., and N.H.).

Seven of the 16 states in the "high and rising" quadrant have below-average state-level taxes (N.Y., Mass., Cal., Mich., Ill., N.J., and Conn.). Some of these states, like New York, Michigan and Illinois already share at close-to, or better-than average rates in both library and school support. Others, like Massachusetts, California, New Jersey and Connecticut, provide below-average support for schools and libraries. New Jersey, which recently enacted a state personal income tax will probably be able to build up its school and library support. Connecticut could do the same if the state were also to enact a broad-based income tax.

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